



Annual Report 2000



A year of achievement

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January-June 9 August
January-September 1 November

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THE YEAR 2000 IN SHORT

Strong growth in order intake (+41.9%) in all Business Areas. Strongest growth in Europe – Asia still at a low level.

Sales growth (+18.8%) follows the growth in orders with a certain time lag. Growth accelerated towards year end.

Order book record high (+73.1%)

Sharp growth in operating income (+23.4%).

The development follows the growth in sales with a certain time lag.

Net income improved for the fiscal year (+7.4%).

Costs for growth financing still high – however, net debt on downward trend. Cashflow improved through growth in sales and income.

R&D-investments showing results. Market response on new wire rope hoist line meets expectations – the launch of the next frame size started. Modern control technology applied extensively both in the special cranes and standard lifting equipment markets. R&D-investments continue.

Entry into new markets successful. In Germany the Group has now established its presence in all Business Areas. Remarkable progress through acquisitions and partnerships also in USA, Mexico, Italy and Poland. In UK and France non-core activities were disposed of. Investments into new markets continue. Port equipment maintenance, a new global growth area.

Key Figures		2000	1999
Sales	MEUR	703.0	591.5
EBITA *	MEUR	43.7	34.8
Operating income	MEUR	39.6	32.1
Net income	MEUR	23.4	21.8
Earnings/share	EUR	1.59	1.48
Equity/share	EUR	10.06	9.27
Return on capital employed	%	19.4	21.7
Return on equity	%	16.4	16.3
Current ratio		1.4	1.7
Solidity	%	35.8	42.2
Gearing	%	57.7	35.8
Personnel at yearend		4,463	4,044
Dividend proposal **	MEUR	10,437	10,437
Dividend/share **	EUR	0.71	0.71

* Operating income before goodwill amortisation

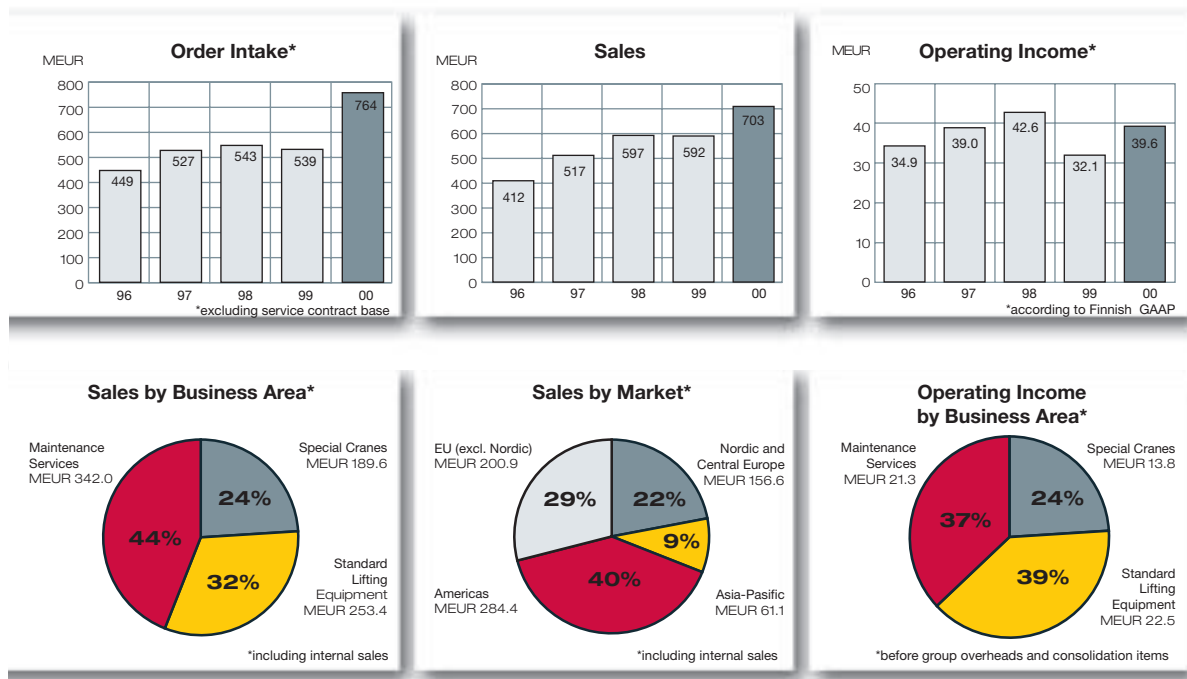
** Board's proposal

Acquisitions 2000

Kulicke Krane GmbH, Berlin, Germany	(A)
Kulicke Kranservice Schwedt, Germany	(S)
Kulicke Kranservice Köpenick, Berlin, Germany	(S)
Noell Service und Maschinentechnik GmbH, Germany	(A)
Donges Stahlbau GmbH, Germany (crane service business)	(A)
Gruas Mexico S.A. de C.V., Mexico	(S)
F.T. Crowe, USA	(A)
Cranex Sp.z.o.o., Gdansk, Poland	(S)
Tepa-Mestarit Oy, Finland (50 % earlier + 50 % now)	(S)
Caillard, Le Havre, France	(A)

A: Assets

S: Shares



KCI KONECRANES GROUP

A COMBINATION OF SYN AND

KCI Konecranes is a world leading engineering group specialising in advanced overhead lifting solutions and maintenance services.

MARKET POSITION

KCI Konecranes' product range covers all overhead lifting solutions and components for virtually all industries and harbours around the globe.

KCI Konecranes is a frontrunner in developing modern crane maintenance technology and is the largest specialist crane service company in the world.

KCI Konecranes provides crane maintenance for all overhead crane and harbour crane makes.

KCI Konecranes is the global leader in custom engineered cranes for process industries and a leader in cranes for harbours and shipyards.

KCI Konecranes is one of the largest companies in industrial EOT (Electric Overhead Travelling) crane and component supply.

KCI Konecranes has over 4400 employees and a presence through its own personnel, agents and other representatives in over 40 countries and service branches at over 200 locations worldwide.

KCI Konecranes is listed on the Helsinki stock exchange.

MISSION

KCI Konecranes is leading the reshaping of its industry. We are the technology leaders in overhead lifting solutions and crane maintenance. We cater for a basic need in all industrial activity and we see an ever increasing demand for our services. Our main tools are innovation, service quality and a global presence.

GROUP STRATEGY

Increasing operational efficiency, technology focus and organic business growth form the key strategic cornerstones of the KCI Konecranes Group. The exposure to business cyclicity is minimised.

Strong growth prospects

KCI Konecranes' main driver for organic growth is its maintenance services business. Increasingly, our clients choose to outsource their crane maintenance. Professional crane maintenance has become a genuine growth business. KCI Konecranes' presence in maintenance serves as a driver for new equipment sales. As both the crane and maintenance industry is still in the early stages of its consolidation KCI Konecranes sees further growth opportunities through select acquisitions.

Operational efficiency

KCI Konecranes' globally uniform product offering allows optimal capacity utilisation and swift redeployment of resources. Modular design concepts in components and cranes enable a high degree of standardisation and rapid assembly. Sophisticated IT-systems provide accurate customer service, superior product features and lower production costs. KCI Konecranes is continuously investing into production methodology and machinery to retain cost leadership.

Leading technology

KCI Konecranes' focus on Research and Development has resulted in the most modern and advanced product offering of the industry. Focal points in R&D are control technology and efficient production methodology. KCI Konecranes produces all key components in-house as a point of policy.

ENERGIES EFFICIENCY

Low cyclicalality

KCI Konecranes' customers are from all lines of industrial activity and geographic areas. They all have specific cyclical investment cycles, which to some extent even out each other. KCI Konecranes growing maintenance services business is less sensitive to cyclical swings. Global operational systems enable swift redeployment of resources.

SHARED VALUES

KCI Konecranes' personnel represents a multitude of cultures, speaks a large number of different languages and belongs to different religions. Nevertheless, our customer has the right to expect consistent, impeccable service of high standards wherever and whenever he meets us. For underlining unity, we have a set of common values that link together all members in our community.

Trust in People

We want to be known for having good people.

Total Service Commitment

We want to be known for always keeping our promises.

Sustained Profitability

We want to be recognised as a financially sound company.

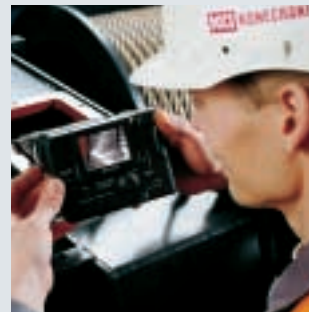
BUSINESS AREAS

KCI Konecranes is organised along three Business Areas: Maintenance Services, Standard Lifting Equipment and Special Cranes.

Globally there are many synergies between our Business Areas. Maintenance services, our largest business area today, creates opportunities for new equipment sales and inspires R&D-work. We offer our maintenance services to crane customers and sell new cranes to maintenance customers. New breakthroughs in R&D give us entrance to new customer industries both in cranes and maintenance.

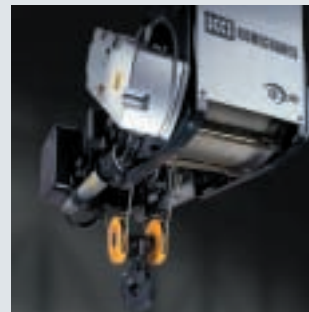
MAINTENANCE SERVICES

- Crane Inspections
- Predictive Maintenance
- Preventive Repairs
- Repairs and On-calls
- Modernisations
- Spare Part Service



STANDARD LIFTING EQUIPMENT

- Industrial Cranes
- Modular Cranes
- Wire Rope Hoists
- Chain Hoists
- Standard Components



SPECIAL CRANES

- Harbour Cranes
- Terminal Cranes
- Shipyards Cranes
- EOT Process Cranes
- Heavy Duty Components





PRESIDENT'S A year of achievement LETTER

In the year 2000 we put KCI Konecranes back where it belongs, back on the growth track. Our operating income grew by 23%, our net sales by 19%. Better still, our order intake increased with 42% and orders on hand with 73%.

Our earnings per share increased with 7,4%. The rapid growth took its toll in the form of costs for financing sharply increasing works-in-progress. Towards the end of the year, when shipments accelerated, cash-flow improved and

our net debt and financing costs started to decrease. As this development goes further amplifying itself, earnings per share will improve.

The fine results represent the achievements of all of our personnel. We have been able to gain market share through innovative new products, we have ventured into new market areas both in business and geographically. The new business area is maintenance services on harbour cranes, the new market area is Germany. Both are areas of

great potential. In terms of new products, we launched the new innovative Standard Lifting Equipment product platform.

Markets in general were not particularly buoyant during last year. The culprit for the 1999 shortcomings in achieving growth, the Asia-Pacific market, started to show some activity, but the growth rate is still far from the pre-crisis rates. The American market remained approximately on the level of the previous year, whereas the development in Europe was scattered.

Growth continues

So what will happen in the future, both on short and long term? Our Group begins the year 2001 under the best conditions ever. Normally seasonal variations make the first quarter of the year very slow. Not so this year. The achievements in the year 2000 will propel us into a flying start in 2001.

Our strong order backlog started to come through as increasing shipments towards the end of 2000. The main part of the growth will materialise in the year 2001. The rapid orders growth achieved in the year 2000 is not a temporary one time rush. Instead a new level has been set, and growth will continue.

Today we operate in over 40 countries. However, we still have white areas on our map. The eastern European countries are bound to embark on a rapid development, on the eve of their succession into full EU-membership. Our presence in the Mediterranean area is low but has now started to grow. In South America our presence is still marginal. Among those 34 countries now directly covered, and the dozen of countries covered through agents there are ample growth opportunities.

Our service operations operate on a growth market. The year 2000 was a clear evidence of this. Our products and our technology are thoroughly competitive. Hardly any of our products are older than five years. We are fully committed to continue to avail ourselves and our customers of all benefits new technology can bring.

Long term, our possibilities of continuing growth are therefore very good.

We take the year 2000 developments as clear evidence for some profound changes in our business environment. As our company received business at record levels, some com-

petitors exited the scene, others reported severe difficulties.

We interpret the development as a clear proof of our concept.

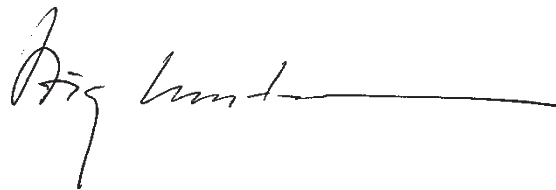
No longer is a crane an unsophisticated piece of mechanical engineering. No longer is crane maintenance a job for the lad at the corner, providing quick fixes. Instead, the crane industry emerges as a sophisticated products and services business, where only those that produce the right technology and the right services can survive.

The industry is changing

Two interesting features remain, One: The crane industry is still a fragmented one, with a strong need for consolidation. Our global market share is not more than approximately 10%, we have the means and the desire to continue in our role as a consolidation motor. Acquisitions will ensure our growth also if and when markets take a dip somewhere in the world. In year 2000 we acquired ten companies. Two: We never abandoned our positions in the Asian market. Slowly that market is coming back. When that happens, we will be ready to take advantage.

We have fought our way back to the growth rate we normally enjoy. We did it in the old-fashioned way: through innovation and hard work. We were helped by our strategy of offering a combination of services and equipment. Today's development, both in markets and technology, support our continuing success.

In the year 2000 we proved our will to achieve, our power to innovate, and our patience to wait for results. I want to thank all my colleagues for a well done 2000. I want to welcome all new employees who joined us, and I want to encourage all our shareholders to continue their trust in our performance.



Stig Gustavson,
President and CEO

HUMAN RESOURCES

KCI Konecranes faces a number of challenges related to its technical and business related knowledge base. With a talented and motivated staff, KCI Konecranes can turn these challenges into opportunities.

The first challenge relates to the multi-skills-nature of crane and hoist technology. Knowledge in mechanical engineering – the traditional core competence within the crane industry – is not enough. New technology offers opportunities for new efficient products and methods for service. Today's cranes involve a vast amount of control technology, and hence electronics, computer sciences and IT play an increasing role, not only in building the equipment, but especially in maintenance.

The second challenge is related to our service operations. In a factory environment activities are supported and supervised by a developed management structure, with constant access to all employees. In maintenance services, the field technicians mostly perform their work independently, outside of management's direct reach. Hence, efficient training is an absolute requirement. Also well developed incentive plans motivate the single field technician to improve his work.

Information technology solutions will further provide a vastly improved environment for knowledge management in the service business. KCI Konecranes' first grand scale attempt towards a worldwide knowledge management system, the Omniman project, has not become a success. However, through that project the Group has acquired valuable knowledge about the true potential of information

technology in knowledge management in the Group and especially in Maintenance Services.

A third challenge comes to us in the form of our geography. Activities are scattered in relatively small branch offices, in close to 40 countries, on all continents. Language barriers exist and must be managed.

Training programs

Most of our training programmes concentrate on "hard facts". As a side product we always strive to educate our people in cross-functional, cross-national and cross-cultural teams. In doing so we emphasise tolerance and understanding among our people, and foster a Konecranes-team spirit. KCI Konecranes has developed a number of programmes, operative on all levels of our organisation, in all locations all over the world. Here some examples:

Our local training centres provide development courses for technicians including safety training and technical product training. The aim is to provide one week of training per professional technician every year. During year 2000 approximately 100,000 productive hours were consumed in training and human resources development in Maintenance Services alone. Our development programme for Senior Service Technicians, TechTrain runs in its sixth year. In year 2001 it will focus on new service technicians from Germany.

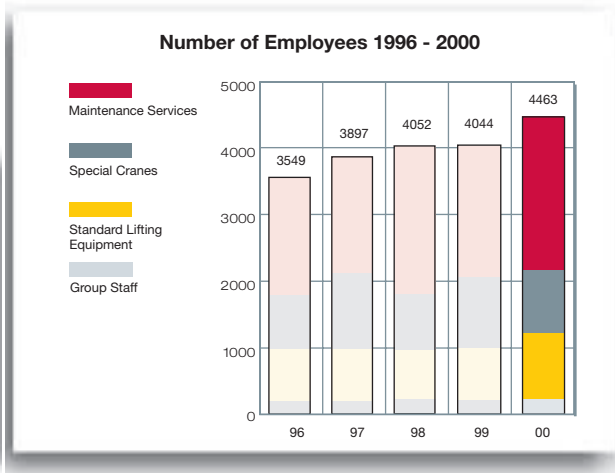
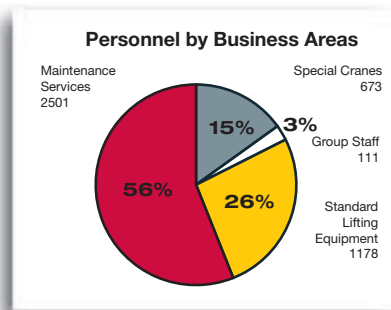
The single largest training effort during the year 2000 was related to the new hoist product launch (see R&D pages). Globally both sales and administrative staffs, as well as our service technicians have been trained on the new product range.

The development programme for KCI Konecranes'



1. Satu Jukola, Executive Secretary, Group Headquarters, Finland
2. Yong Hum Huat, Service Technician and Kenney Quek, Service Sales Engineer, Konecranes Ptc Ltd, Singapore

3. Anne Lew, Service Sales Administrator, Marcus Koh, Sales Engineer, Linda Tan, Executive Secretary and Kenney Quek (presenting), Service Sales Engineer at Konecranes Ptc Ltd, Singapore
4. Timo Vanhanen, Electric Engineer at Konecranes Components Corp., Finland



middle management - KCI Academy - completed its fourth year. The KCI Academy consists of four local courses: Emloyeeship, Management Accounting, Service Commitment and Sales. This is followed by an international course focusing on managing cultural differences and leadership.

For our top executives we provide a programme managed in collaboration with IMD, Lausanne, Switzerland. The Lausanne Leadership Process is executed in a consortium together with a few other select Finnish industrial companies. During the year 2000 our first group of top executives participated in the programme. The post curriculum evaluation showed very good results and a second group of executives has been selected to start at IMD.

We also give our employees the opportunity to develop their talents through university level studies. Within the scope of our R&D co-operations with universities we sponsor our employees to programmes in disciplines of direct benefit for our R&D and business in general. In year 2000 sixteen new engineers graduated with a M.sc. (Eng) degree. In total, over 50 persons have graduated through these programs.

Working spirit

We believe that all tasks are important and should be challenging for the employee. KCI Konecranes wants to reward and motivate its talented employees with a good working environment where innovation and action is encouraged. We want all our employees to be able to recognise their positive input for the whole Group result and thereby create an entrepreneurial working spirit.

Today it is easy to be proud of KCI Konecranes. All products represent state-of-the-art technology and several new product lines are being introduced to the market. Our

growth, good reputation, state-of-the-art technology and positive attitude form the basis for the good working spirit that we want to create.

Incentive programs

To support the entrepreneurial spirit in the organisation, KCI Konecranes has developed a set of bonus schemes, all of which tie in with the operative result of the relevant business unit. These programmes encompass the vast majority of the personnel, white and blue collar alike.

Through the share option programmes of 1997 and 1999, approximately 380 employees share the benefits of a possible favourable development in KCI Konecranes' share price (see **Shares and shareholder-** pages).

Co-operation with personnel organisations

The Group complies with all labour related regulations in all countries in which it operates. The European Works Council had its annual meeting and the working committee met an additional four times.

Personnel

KCI Konecranes operates through its own personnel, through agents and representatives in over 40 countries. At the end of year 2000 KCI Konecranes had 4463 employees. The net increase was 419 persons. 504 persons joined KCI Konecranes during the year as a result of growth and acquisitions, 155 persons on the other hand left the company mainly due to rationalisation. The Business Area personnel numbers are (previous year numbers in parentheses): Maintenance Services 2501 (2261), Standard Lifting Equipment 1178 (1134), Special Cranes 673 (542). Total Group staff is 111 (107).

RESEARCH & DEVELOPMENT

As one of the very first in its industry KCI Konecranes saw the potential in applying new technology to the old art of building lifting equipment. Being a pioneer, KCI Konecranes had to develop most of the technology in-house. Today, over ten years later, KCI Konecranes has created a solid knowledge base of its own in modern lifting gear design. Indeed, technology has been a cornerstone in creating KCI Konecranes market success.

Because of its competition-sensitive nature, the narrative under this heading cannot go into detail, and the reader will have to satisfy him- or herself with a discussion on principle.

KCI Konecranes R&D activities focus on two areas: applying modern control technology and IT into the old discipline of crane building, and introducing state-of-the-art production methods into the business.

Much effort is also spent on designing efficient tools to help designers, sales persons and maintenance and installation crews to master and monitor their work in a timesaving and efficient way.

Methodology

KCI Konecranes often uses the Concurrent Engineering method in its large-scale projects. According to this method, several teams in design, production development, sales and maintenance, work in parallel on the same project. Market acceptance is ascertained by early contacts with key

customers. As large parts of the production is outsourced (especially non-crane specific components), strategic suppliers are brought in at an early stage. On the other hand, the fact that KCI Konecranes produces all key components in its own production facilities supports early design optimisation for efficient production.

As a result the average cycle time for large R&D projects has been greatly reduced, as have also the total project costs.

Achievements / Hoists

Within Standard Lifting Equipment, a new hoist line was introduced, after only 18 months of project time. The new line or rather the new product platform will replace the present one, which has been in production for over 10 years. The present line comprises seven frame sizes whereas the new line spans an even wider load spectrum with only three frame sizes.

During the last ten years our production numbers have more than doubled. A design which benefits from totally new scale production methods was created. The weight of the hoist, the number of parts and the total assembly time were all reduced with over one third in comparison to the old line.

Simultaneously, a number of competitive features were added: Small outer dimensions increase the space served. The large-diameter rope drum reduces rope wear, adds to operational safety and reduces hook travel in high lifting. Stepless



A large number of KCI Konecranes' personnel and customers were involved in specifying KCI Konecranes' new wire rope hoist platform. The all-new concept was visualised in the very beginning using 3D computer modelling. Professional industrial designers were also brought in at an early stage. The hoist was tested and rebuilt in seven different versions before final approval for production. In electronics the hoist capitalises on latest

digital technology: old electronics although still modern by industrial standards, was abandoned in favour of new high performance solutions. A new condition monitoring control device was built, as well as a stepless speed control design and a new push button pendant controller system. Hundreds of deliveries within a few months after the product launch in Hanover indicate a rapid pay back for Group R&D investments.

controls as a standard increases usability. Higher standard duty classes widen the application ranges even further.

The 3.2 ton model was released for shipments in June, the next model for up to 10 ton loads was released at year-end 2000 and the full range will be out on the market within the year 2001. The new hoist platform trades through all Standard Lifting Equipment brands.

In chain hoists the product line has been incomplete as we have had no 250 kg hoist in our line. This void is now mended with the introduction of the all new 250 kg electric chain hoist. The hoist was introduced in Hanover in the spring of year 2000. The demand has exceeded expectations.

Achievements / Components

As part of the work with the new hoist line a complete family of components was developed. The stepless horizontal drive control not only adds features to the product, it also reduces the number of drive versions which have to be offered to the market in a total package. Earlier, different travelling speeds were generated by varying the transmission components with one set of gears for each speed. Now, with stepless controls, all speeds needed are produced electronically with only one version of gears. The number of gear variations is reduced by a factor of seven. Such has been the cost development of modern electronics that in the lower power range, the costs for stepless control electronics are at the same level as for old type fixed speed contactors.

Other component developments include a new push-button pendant with display. In Special Cranes, control technology now includes modern inverter controls up to 800 kW power.

Another important R&D achievement took KCI Konecranes into the so called "field bus" technology for large cranes, especially in RTGs. Instead of wiring each electrical component in a large crane with its own wire, all components now communicate according to a protocol through a single "bus" or data channel, connecting all components. This new arrangement greatly reduces costs and assembly time for large cranes. More important, it reduces commissioning time at the installation site to a fraction of what it used to be.

The field bus technology is also ideally suited for supporting remote monitoring. All data travel in the bus, and by connecting the bus with modern IT solutions to a competence centre, a crane specialist thousand miles away is able to monitor the crane in detail.

Achievements / e-Commerce

During year 2000 a number of e-business tools were developed. For harbour and shipyard cranes, Konecranes VLC successfully piloted a spare part identification and ordering system. The system will be taken into wider use.

Along with launching the new wire rope hoist a crane configurator, **cxtcrane.com**, was made available for customers who access the configurator through the web. The crane users themselves design their crane based on individual performance criteria. The configurator produces the technical data and dimensions of the selected CXT crane. The customer may then download the data and/or send a detailed inquiry to KCI Konecranes sales via e-mail.

In manufacturing operations electronic purchasing and shipment handling increased rapidly, cutting transaction costs.

R&D costs

Total R&D costs in year 2000 amounted to EUR 6.9 million. Development costs are mainly related to key components and new technologies within Standard Lifting Equipment and Special Cranes. As a percentage of related sales, R&D costs mounted to 5.3%.

In Maintenance Services human resources development and training take the role that R&D plays for the equipment related Business Areas.

 KONECRANES

MAINTENANCE

Matti Purhonen, Machine Engineer, Konecranes Nordic Oy, Finland, examining the condition of the gear wheels in a gearbox with the help of an endoscope and a digital camera.

KCI Konecranes' **largest Business Area** is Maintenance Services. KCI Konecranes is a **forerunner** in applying **modern IT-technology** for timely response and accurate service.

SERVICES

KCI Konecranes' activities in the field of Maintenance Services have a number of special features, putting KCI Konecranes apart from other actors in this business.

KCI Konecranes emphasises **prevention** over repair, prediction over trouble shooting. We underline the importance of uninterrupted crane service for customers. Our customers realise not only optimisation in maintenance costs, but also enhanced earnings in their core processes, as a consequence of uninterrupted crane availability.

KCI Konecranes specialises in maintenance of electrical overhead travelling cranes and harbour and shipyard cranes. We maintain the highest possible **professional level** and modern maintenance technology.

KCI Konecranes provides **maintenance for all crane makes** in the market of industrial overhead cranes and harbour and shipyard cranes. Over 75% of the cranes in the maintenance agreement base are not KCI Konecranes-branded.

KCI Konecranes stresses the importance of long standing customer relationships for best long term cost efficiency and performance. We perform regular maintenance on approximately 190,000 cranes on the basis of **long term service contracts**.

Growth in the service business

The crane maintenance services is a growth business in all developed economies. The drivers for growth are:

Outsourcing. A general trend within industry to concentrate on whatever is the customer's core industrial activity, and to outsource non-core activities. Crane maintenance is a typical object for outsourcing.

Cost efficiency. As a consequence of our approach of prevention rather than after-the-fact repair, the total costs for maintenance can be kept at an optimal, low level. Extra earnings are realised through better uptime in main production processes.

MAINTENANCE SERVICES

Technical competence. Today's equipment is of a complexity that requires special skills. Crane owners more often than before have to rely on outside experts.

Liability concerns. Crane accidents that are related to inadequate maintenance may lead to human tragedy and heavy financial losses. Therefore letting a true professional handle the maintenance can ease the risk for becoming liable.

Professional maintenance shows steady and fast growth in all developed industrial economies. Growth rates vary between countries, but rates in excess of 20% p.a. are common. In pre-industrial markets maintenance focuses on its classical elements: spare part service and expert advisory service.

New activities

In spite of our good presence in the market for harbour and shipyard cranes, KCI Konecranes has not earlier actively pursued the harbour crane maintenance market. This is now changing. More and more ports opt for modern management practices allowing outsourcing. KCI Konecranes' modern crane technology help propel us into new sites.

During the year 2000 a new operative unit **KCI Konecranes Port Services** was established. The new unit operates in close collaboration with our Maintenance Services Business Area, but it is managed under Konecranes VLC, the harbour and shipyard crane subsidiary. The reason for linking service management to harbour cranes relates to the environment in which the new unit operates. Outsourced maintenance is a new element in harbours, and we are still better known as crane builders. Port Services' numbers are, however, reported under Maintenance Services in all financial reports.

Acquisitions

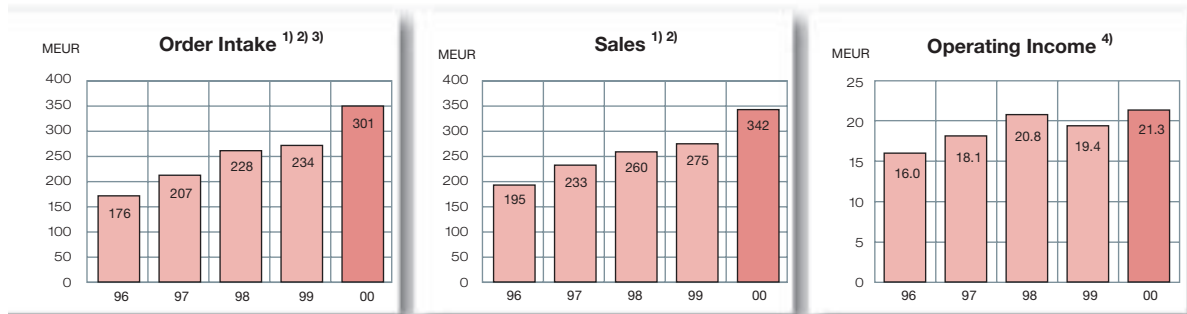
The new Port Services unit consists of existing harbour crane maintenance activities in the Baltic Basin, along the American East coast and in Asia Pacific. These activities are augmented through the acquisition of the service business of the German company Noell Service und Maschinentechnik GmbH, now under its new name Noell Konecranes.

At the end of December 2000 another harbour crane maintenance company was added. This company continues the after-market activities of well-known French crane maker Caillard, and it will be integrated into the new Port Services unit in the beginning of the year 2001. Total sales for the whole new Port Services unit will approximate EUR 60 million (annual running rate at the beginning of 2001).

In industrial crane maintenance services, several acquisitions were made. In Germany we bought the Special Crane Company Kulicke, which also operated two service companies in Schwedt and Berlin-Köpenick. These were integrated into the German maintenance operations Pro Kran Service or "PKS" for short. Also in Germany, we bought the crane after-market activities from Donges Stahlbau GmbH, in Darmstadt. That activity is now part of the PKS Frankfurt branch office.

With the acquisition of Noell Service und Maschinentechnik in March the Langenhagen (Hanover) and Hamburg activities are now a part of the new Port Services unit. Noell's operations in Halle, Lausitz and Würzburg, which all specialise in industrial crane maintenance, have been integrated into PKS.

In the USA we acquired the maintenance and crane operator F.T. Crowe in Washington. We have already a strong presence in California. Now we will strengthen the North West presence as well.



1) including group internal
 2) 96, 97, 98, 99 at historical exchange rates
 3) excluding service contract base
 4) before group costs and consolidation items



Bob Wiseman, sales, Rick Colombo, Service Manager and John Pilchota, Inspector, from KCI Konecranes' North American service organisation, Crane Pro Services, discussing action items at Metaldyne's Royal Oak facility, Michigan, USA. A total of 120 cranes at the facility are covered by the crane maintenance agreement with Crane Pro Services in force since 1995



During the year 2000 Konecranes VLC successfully piloted a new e-business tool, www.vlcparts.com, a spare part identification and ordering system for harbour and shipyard cranes. The system will be taken into wider use.

These acquisitions will bring some EUR 55 million in new maintenance business to the Group. During 2000 the acquisitions contributed only approximately EUR 30 million. All units will undergo a thorough integration process, and only then may they proudly present themselves as genuine KCI Konecranes service providers.

Performance

Order intake increased with 28.4% over 1999 and sales increased 24.5%. The number of cranes in the maintenance agreement base continued to grow at a healthy pace. At year end, the number of cranes under maintenance agreement totalled 187,183, up 12,0% year-on-year. The average money value of maintenance agreements per crane grew even faster, with 19,0% as a consequence of focusing more towards larger process cranes. This segment within the agreement base grew rapidly.

Germany recorded the fastest growth, following several acquisitions in that market. The most prominent acquisition was the buy-out of the maintenance activities of Noell Service und Maschinentechnik.

At the beginning of year 2000 remaining non-core activities in the British maintenance services company were sold.

Disregarding acquisitions and disposals, the **organic sales** growth was 17%.

The operating income amounted to EUR 21.3 million, up 9,8% from the previous year. The performance of acquired companies improved during the second part of the year, as restructuring and integration measures started to bite. However, the performance did not yet meet Group goals. After the end of the fiscal 2000, in January 2001, a French subsidiary specialising in nuclear power station crane maintenance was divested. That unit had been a loss maker for several years. The costs associated with the disposal were included in year 2000 results.

Future prospects

The number of cranes in the maintenance agreement base is the best indicator for long term prospects in this Business Area. The positive trends for maintenance agreements, both in numbers and quality, together with acquired operations support a continuous good sales growth for 2001.

Completed rationalisation and new activities in harbour crane maintenance support margins improvements. New maintenance products further support this development.



STANDARD LIFTING

In March KCI Konecranes launched a new innovative hoist platform at the Hanover Fair in Germany. The hoist offers a large number of features making it the most attractive hoist in the market. The hoist platform is based on a totally new design and it is suited for large scale production.

KCI Konecranes' Standard Lifting Equipment concentrates on **lifting capacity of less than 50 tons**. For certain light duty applications the range may reach capacities of up to 100 tons of lifting.

EQUIPMENT

KCI Konecranes has adopted a mission of serving as an active change agent in this business. We have added new elements to the way we do business. We have been rewarded in the form of increased profitability and rapid growth.

KCI Konecranes has introduced **new technology** into the business. Later in this report there is a description of the new hoist product platform. That new hoist platform could not have been developed without the use of sophisticated computer modelling, concurrent engineering and sophisticated virtual testing. The product itself contains a number of new technical solutions giving it a combination of competitive features, unmatched by any other competing product.

KCI Konecranes has introduced the concept of **multi-branding** into the business. Under the Konecranes brand we approach the final equipment user directly. We offer a com-

prehensive range of components and cranes to meet all of his lifting needs, together with the best after-sales support and maintenance in the industry. And our sales and service network is the largest in the industry.

For the vast number of other crane builders, often with excellent relations to a regional customer base, we offer our components and our know-how. For this separate market, we have created a totally independent marketing channel, under different brand names. These brand names are SWF in Germany, Verlinde in France and R&M in the USA. Over the years our independent brands have created a large number of loyal customers, all benefiting from the Group's cutting edge technology.

KCI Konecranes has added **modern sales tools** to the old trade of selling standard industrial cranes. Today, an industrial crane can be specified and designed at the customer's site, all during one sales visit. Indeed, advanced customers may today log into our web site, click on the button

STANDARD LIFTING EQUIPMENT

"make your crane", follow instructions and design their own crane. Another click will end the session and proceed to initiating order routines. Using this tool, the customer will enjoy designing his own crane, a short delivery time and reliable delivery.

All our innovations, both product, marketing and methodology-related have helped KCI Konecranes grow its production numbers to levels where the ultimate competitive advantage can be reached – the advantage of **large scale production**.

The new wire rope hoist

In March 2000 the Group launched its all new wire rope hoist product platform at the Hanover Industrial Fair in Germany. The platform products have a number of features outperforming all other products on the market. In short, the features concentrate on three areas: size, safety and control.

The platform hoist features the smallest dimensions in the market. Small dimensions mean closer approaches to walls and higher lifts with the same available headroom. This means increased factory space served which is an important feature for any factory layout planner.

The safety relates to the rope-drum diameter. The larger the drum, the less the wire will have to bend and the less the wear. The new wire rope hoists feature the largest drums in the market. Rope service time is a multiple of the older designs, yielding a superior safety.

The controllability relates to the stepless speed controls now for the first time in the industry included as standard features for low capacity cranes. In any job involving the

use of a crane, exact speed adjustment makes the work more efficient and saves money.

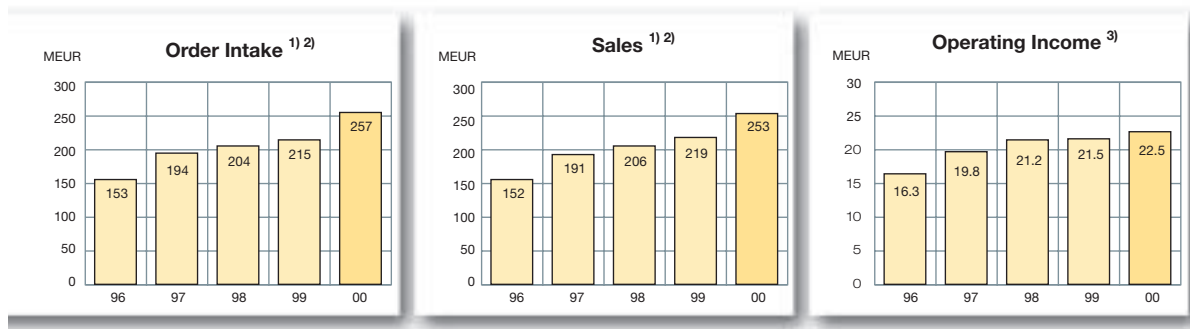
There are of course many other features that contribute to making the new hoist the best in the market. There are a total of 11 major patents pending protecting our design innovations.

The first frame size for up to 3.2 tons lifting capacity was released for shipments in June, and immediately became a success. Cranes of this size or less represent approx. 40% of all cranes. Previously, the Group had only a weak coverage in this segment, and the new product will bring new markets into our reach. Higher lifting capacity products will be introduced to the market in early 2001 and by the end of 2001 over 80% of the Group's wire rope hoist production will be covered by products from the new single product platform.

Efficient production

The new wire rope hoist has been designed for scale production, cutting over one third off the weight, the number of parts and the time for assembly compared to older designs.

As a result of the increase in production efficiency, the production process has been rationalised. We have been able to phase out wire-rope-hoist production completely at two of our plants, and we have scaled down once more, realising substantial cost savings. We regret that those measures have necessitated certain redundancies. On the other hand, employment in front line sales and service activities are increasing.



1) including group internal
2) 96, 97, 98, 99 at historical exchange rates
3) before group costs and consolidation items



In October 2000 three CXT Cranes were delivered to Oechsler GmbH in Ansbach, Germany. The cranes are equipped with CTX wire rope hoists, featuring new innovative technology. Oechsler's plastic moulding plant produces demanding precision mouldings for mobile phones.



At the end of the year 2000 thirteen twin CXT Cranes were delivered to Rolls Royce's plant in East Kilbride, near Glasgow, Scotland. The cranes are used for overhauling and testing of all types of turbo prop and jet engines for aircraft.

Markets

The Standard Lifting Equipment markets continued at a no-growth level in 2000. According to the Crane Manufacturers Association of America, KCI Konecranes is now the market leader in America. In Europe, continental markets as a whole stayed at a stable level although national variations occurred. Our entry into the German market meant a good growth for KCI Konecranes. In Asia-Pacific a little growth in the markets was felt. That market is still suffering from the depression from a few years ago. On some Asian markets political unrest has prompted the markets to an almost total standstill.

In Italy, KCI Konecranes made an entry by granting a cranebuilding license to PRIM S.p.a of Calolziocorte near Milan. Prim was also appointed sole dealer for Konecranes branded crane components in Italy, and undertook to abandon the use of components of other brands. KCI Konecranes became a minority shareholder in PRIM. In October 2000, Prim with KCI Konecranes' support, acquired the Italian standard crane builder Marte S.p.a. Through these moves we now enjoy a position among the largest crane builders in Italy.

Performance

Order intake grew with 19.5% over 1999 and sales with 15.9%.

Generally, development was very good in Europe, good in America and still less than satisfactory in Asia. In Italy, the Group achieved a particularly strong progress. Integration work in recently acquired companies progressed in full accordance with plans.

The operating income was EUR 22.5 million, indicating a growth of 4.7%. The result was burdened with extra costs for launching of the new product platform. These costs amounted to EUR 1.7 million.

Future prospects

The prospects for sales growth and lower unit costs have improved significantly. Performance will continue to improve as sales of the new product platform gains momentum. Market prospects as a whole remain stable and the expectations for sales growth and margins improvement during 2001 are favourable. The few uncertainties that can be seen relate to the general investment climate in the USA and to the speed and size of the Asian recovery.



SPECIAL

KCI Konecranes proprietary state-of-the art vacuum lifter design for handling paper reels. The lifter handles reels of 1.5 -2.1m in diameter weighing up to 7 tons. The space saving device offers superior handling quality, with virtually no-damages performance for the paper reel handling.

KCI Konecranes' Special Cranes focus on solving **heavy lifting needs** in two major segments, cranes for **harbours and shipyards** and cranes for a wide variety of **process industries**.

CRANES

Special Cranes normally have a lifting capacity of more than 50 tons, although there are many light duty applications for up to 100 tons that can be served with a standard solution, or extreme applications of less than 50 tons where only special solutions can do the job. KCI Konecranes' approach to Special Cranes has a number of elements, the combination of which forms the basis for our tremendous success in this field.

KCI Konecranes **combines** both industrial heavy duty cranes (for steel mills, paper mills, power plants, steel distribution, etc.) with harbour and shipyard cranes. Although the markets for these two classes of cranes differ considerably, they share the same technology. From a technical point of view there is little difference between lifting a 40 ton container in a harbour or a 40 ton paper master reel in a paper mill. From a production point the benefit of joint componentry is big.

Few if any harbour crane builders build more than some tens of cranes per year. Few heavy industrial crane builders build more than one or two large cranes per month. During the year 2000 KCI Konecranes built over 400 harbour and industrial process cranes.

KCI Konecranes was early to realise the full potential of **new technology** in the crane industry. In large installations with complex operating requirements, the versatility and reliability of modern computer-based control technology make a big difference. Modern IT-solutions further increase the potential. Today, both Standard Lifting Equipment and Special Cranes benefit from this knowledge base. The best illustration is scale: When competitors use sub-contractors for a production of, say, 100 – 200 control units per year, KCI Konecranes builds more than 4000 digital control units of its own design per year.

SPECIAL CRANES

KCI Konecranes has capitalised on the importance of combining good maintenance with good new equipment. Our maintenance base (cranes under maintenance contract) covers approximately 190 000 cranes, by far the biggest amount in the world. Of these, less than 25% have been built by us. Notwithstanding the benefits of good maintenance, the access to service data from such a large base has proven invaluable as a source of information for crane design.

Markets

The market for harbour and shipyard cranes is a truly global market. The producers and the potential customers all know each other, all around the globe.

In 1999, in the aftermath of the Asian economic crisis, the demand for harbour cranes typically evidenced by the demand for ship-to-shore container cranes, contracted with approximately one third. Competition was tough. During the year 2000 demand returned, and compensated for some of the low activity in the previous year.

The market was therefore buoyant, but the competitive environment remained tough. Chinese manufacturers enjoying low production costs managed to enter the European market, putting European crane builders under severe pressure.

KCI Konecranes early chose the strategy to concentrate on high performance, high capacity cranes, built to give a maximum of availability. In pricing, KCI Konecranes has established itself at the high end of the scale.

Starting in 1999, and continuing all through the year 2000, this strategy became a total success. KCI Konecranes

secured new orders at a rate more than double that of the previous year. KCI Konecranes confirmed its world lead in RTG cranes (Rubber Tyred Gantry –container handling cranes), shipboard gantry cranes, high capacity ship-to-shore container cranes and shipyard Goliath gantries.

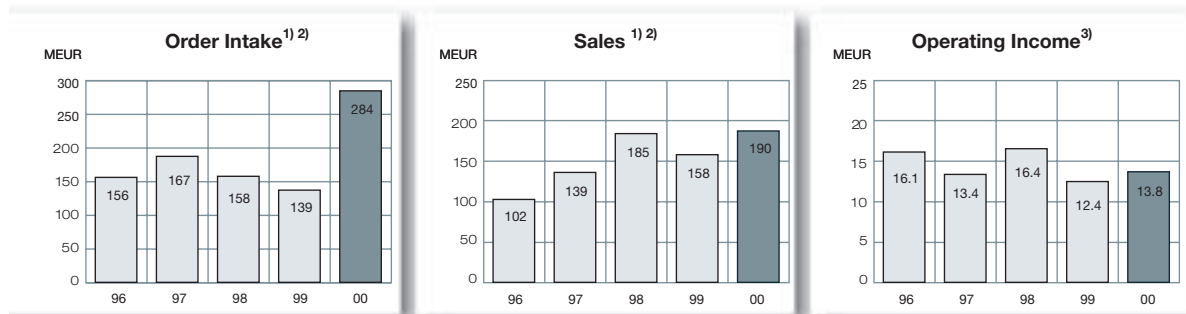
The industrial crane market was stable, both in America and in Europe. In this business KCI Konecranes has already achieved a stable world market lead. KCI Konecranes marketing approach of combining maintenance services and new cranes has always helped the Group to better-than-average growth. Now, with the demise of some of our competitors and the Group's successful entry into the German market, industrial crane orders increased significantly to an all time high.

Performance

The year 2000 marked a total success for KCI Konecranes Special Cranes Business Area. The order intake grew with 104.8% over that of 1999. Sales grew with 20.4%.

Special cranes always need a fairly long time (often more than 12 months) between order and commissioning. Sales growth therefore follows the order increase with a certain time lag. Orders on hand reached an all-time-high, and at year end the amount was 116% higher than one year earlier. The orders growth was very fast within harbour and shipyard cranes but orders for industrial heavy duty cranes also had a strong growth. Among Regions, only Asia-Pacific recorded modest numbers.

The success is mainly related to our modern product range. New control equipment provide users with improved accuracy and hence better productivity. New con-



1) including group internal

2) 96, 97, 98, 99 at historical exchange rates

3) before group costs and consolidation items



A fully automated overhead grab crane for lifting plate piles from the conveyor to carriers at SSAB's steel mill in Oxelösund, Sweden. The whole delivery included nine fully automated plate handling cranes.



KCI Konecranes' Munckloader Shipboard Gantry, originally a Norwegian design and now totally domiciled into KCI Konecranes heavy duty componentry, confirmed its success in year 2000. The first set of the Konecranes-Munckloaders was sold in 1996. In year 2000 KCI Konecranes received new orders for fourteen cranes to US-based Westwood Shipping Lines and three cranes to International Marine Carriers Inc.

trols also facilitate improved reliability. Modern design tools feature substantial savings in production costs.

The operating income was EUR 13.8 million, up 11.3% from the previous year. At the beginning of the year, orders on hand were low and production capacity partly under-utilised. The margin percentage improved considerably during the last quarter, as orders matured into shipments. In spite of a very good development during the second part of the year, the result stayed short of Group targets.

Future prospects

Prospects for the year 2001 are extraordinary: Orders-on-hand run record high and we have already secured a good growth for the whole of 2001, both in sales and margins. Orders-on-hand are presently accumulating for 2002 and 2003, which clearly indicates a continuation of the favourable development. Our thoroughly modern product range combines low production costs with superior economic benefits for the customer. Our global, yet focused sales network has laid the foundations for a lasting success.

BOARD'S REPORT

The demand for the Group's products increased considerably in all Business Areas and Group Sales showed a clear growth. Among geographical regions, only Asian demand remained low. The operating income grew significantly and also net income developed favourably.

Sales

Group sales was EUR 703.0 million, which is 18.8 % (11.6 % disregarding changes in currency exchange rates) higher than 1999 sales (EUR 591.5 million). Sales growth was strong in America and Europe, but weak in Asia. The sales growth was a consequence of organic growth on one hand and several acquisitions (most important among which was the acquisition of Noell Service und Machinentchnik's maintenance operations in Germany) on the other. Remaining non-core activities in Great Britain were sold. The net effect on sales of acquisitions and disinvestments was an increase of EUR 35 million.

Order intake and order backlog

The order intake was EUR 764.4 million, with a growth rate of 41.9 %, compared to EUR 538.7 million for the previous year. Disregarding currency exchange rate changes, the growth rate was 34 %. Order intake does not include the value of maintenance agreements. The strongest growth, 104.8 % was generated within Special Cranes. In Maintenance Services growth was 28.4 % and in Standard Lifting Equipment 19.5 %. The value of orders of the order backlog (excluding the value of service contracts) grew to an all time high of EUR 308.8 million, which was 73.1 % more compared to the figure for the beginning of the year. Special Cranes' order backlog more than doubled. The order backlog also increased in the other Business Areas, and the number of cranes under maintenance agreement developed in a favourable way. The average monetary value of maintenance agreements per unit increased significantly.

Profitability

The operating income was EUR 39.6 million, up 23.4 % from 1999 (EUR 32.1 million). The operating income includes one-time gains from the disposal of shares in Vacon Oyj (EUR 10.8 million) under "Other operating income" and one-time charges for restructuring measures (EUR 8.8 million) under "Other operating expenses". These charges relate mainly to measures intended to increase productivity, which have been made possible through the introduc-

tion of new products within Standard Lifting Equipment, as well as divested operations. The Operating income before goodwill amortisations (EBITA) was EUR 43.7 million up with 25.6 % higher than one year ago. The margin was 6.2 % of sales compared to 5.9 % in 1999.

Income before taxes was EUR 34 million, which is 12.6 % more, compared to the previous year's pre tax earnings of EUR 30.2 million. The result was burdened with an increase in financial cost of EUR 3.7 million. Taxes for the year were EUR 10.7 million representing a tax rate of 31.4 %. In 1999 the tax rate was 28 %. The increase relates mainly to an increase in the corporate tax rate in Finland from 28 % to 29 % and increasing goodwill amortisations.

In Maintenance Services the operating income was EUR 21.3 million, up 9.8 % from the previous year. In Standard Lifting Equipment the operating income was EUR 22.5 million, in spite of heavy extra costs relating to the development and launching of the hoist product line. The operating income grew with 4.7 % from the previous year. Also in Special Cranes the operating income grew with 11.3 % over last year to EUR 13.8 million.

Group costs were EUR 14.4 million, against EUR 18.9 million in 1999. The net of one-time gains and charges (approximately EUR 2 million) are booked against Group overheads.

The Group report includes consolidation charges amounting to EUR 3.6 million, compared to EUR 2.3 million for 1999. These charges mainly include the elimination of internal profits and goodwill amortisations. The growth relates mainly to an increase in goodwill amortisations.

Return on capital employed was 19.4 % (1999 21.7 %) and return on equity 16.4 % (16.3 %). The small decrease was caused mainly by an increase in working capital, which in turn was a consequence of the fast growth.

Balance sheet and financing

Free cash flow was used for dividends (EUR 10.4 million), for net investments in fixed assets (EUR 10.4 million), and for fixed assets included in company acquisitions (EUR 26.8 million, up with EUR 25.4 million compared to 1999). Net working capital increased with EUR 41.4 million. The growth relates to general operational growth, which led to increases in both receivables and inventories.

Group net borrowings stood at EUR 85.3 million at year end compared to EUR 48.8 million in 1999, giving a gearing of 57.7% (1999: 35.8 %). The gearing number de-

creased clearly during the fourth quarter of the year. In November the Group launched a serial bond. The bond has a compound maximum value of EUR 100 million. In the first round of marketing the bond was sold up to a total level of EUR 25 million. There was no further marketing of the bond during year 2000. The unused portion of the Group's USD 100 million stand-by credit was USD 60 million. Solidity, although lower than a year before, stayed at 35.8% level (42.2% at year end 1999).

Currencies

The Group continued its policy of hedging transactional risks on an one-year basis on average. Equities in subsidiaries have, where practical, been hedged and any remaining transactional differences have been booked directly against equity. The Group started to use the euro in all reports as from the beginning of the year 2000.

R&D and Training

Total direct R&D costs were EUR 6.9 million. The number is approximately EUR 1 million lower compared to the previous year. The costs for the new wire rope hoist product line focus increasingly on production development and marketing, which burden the Business Area result.

The big training effort for Maintenance Services technicians continued during the year 2000. Approximately 100,000 productive hours were consumed in training and human resources development in Maintenance Services alone. Also other Business Areas increased their training efforts, especially in new product technology. The KCI Konecranes Academy, with its focus on middle management and experts continued according to plan. The year 2000 was the fourth year of operation for the Academy. The educational and developmental executive level program, which is produced together with the IMD of Lausanne, Switzerland, received widespread support, and the program will continue. The Group also continued its sponsorship for university level studies for employees in conjunction with R&D programs. During the year this led to 16 persons receiving their MSc (Eng) degrees in Finland.

Investments

Investments into tangible assets, excluding acquired companies, were EUR 10.1 million (1999: EUR 10.3 million). Most of the investments were targeted for the maintenance of assets, but other targets included production de-bottle-

necking and measures targeted to shorten throughput times. The investment level roughly corresponded to the level of depreciations.

Risk policies

The Group continuously reviews its insurance policies to ensure an adequate cover for all reasonable and insurable risks. The millennium shift did not affect the Group adversely. At year-end the Group did not have any pending legal processes or business claims with material effect.

The Omniman, the computer based enterprise resource planning systems project, was discontinued in April because of severe problems and uncertainties relating to the software itself, its functionality and its main contractor, Baan from the Netherlands. All units, which had attempted to switch over to the Baan software switched back to the use of previous systems. In negotiations with the vendor he has not presented any acceptable proposals on how he intends to fulfil the original delivery requirements. The Group has therefore initiated measures aimed at damages recovery. The balance sheet includes receivables (EUR 15.2 million) related to license, development and implementation fees and costs paid to the vendors.

Group structure

The Group continued to make selected acquisitions. In January 2000 we bought the crane operations of the German company Kulicke in Berlin and its two service companies in Schwedt and Berlin - Köpenick. These operations were included into Group figures as of the beginning of year 2000. In March the Group made an agreement in which it acquired the service business of Noell Service und Maschinenteknik GmbH in Germany. With the acquisition the Group strengthened remarkably its presence in the maintenance business, especially in Germany and also in some harbours outside Germany. The acquired activities were consolidated into Group numbers as of April 1, 2000. At the beginning of April the crane related after market activities of the German Donges Stahlbau GmbH were acquired and integrated into the German maintenance services organisation.

A crane and service company Gruas Mexico S.A. de C.V. was acquired in April. Gruas Mexico was previously KCI Konecranes Mexican licensee and the Group already held a minority share of 10 % of the company. The company was included in Group numbers as of April 1, 2000.

In USA, the crane and maintenance operations of the company F.T.Crowe were acquired. The acquisition was completed in July and the operations were integrated with the operations of Konecranes Inc.. In September the Group acquired the crane and service company Cranex Sp.z.o.o. in Gdansk, Poland. Cranex was included in Group numbers as of September 1, 2000. In October, the Group's associated Italian company Prim S.p.A acquired the crane business assets of Marte S.p.a. The Group owns 25 % of the shares of Prim. At the end of the fiscal year the Group acquired 50% of the share capital of Tepas-Mestarit Oy from Outokumpu Poricopper Oy. The company supplies plant maintenance services in Western Finland. Previously the Group held a 50 % stake in the company and the company is now a wholly owned subsidiary. At the very end of the fiscal year the Group acquired the after-market operational assets of harbour crane maker Caillard in Le Havre, France from Rolls-Royce Power Engineering Plc of Great Britain.

At the beginning of the year the Group sold the remaining non-core maintenance activities in Great Britain. These activities are mainly related to testing and fabrication and they were included in Group numbers until the end of March. Minor capital gains were booked after the sale. The acquisitions and divestments had a net effect on sales which was an increase of approx. EUR 35 million. Early in January 2001 the Group divested its loss-making French subsidiary Cogeran Konecranes S.A. (before Copas Konecranes S.A.) specialising in non-core maintenance for nuclear power plant cranes. The loss from the disposal was booked in the financial statement of year 2000.

In the listing of Vacon Oyj in December the Group disposed of 1,884,650 Vacon shares. The Group's ownership in Vacon Oyj decreased from 22.6 % to 10.0 %. The gains from the sales EUR 10.8 million was booked in the Group's operating income as described under "Profitability".

The Group will continue its active acquisition policy.

Personnel

At the end of 2000 KCI Konecranes had 4463 employees. The net increase was 419 persons. Maintenance Services had the biggest increase in personnel (+240). The net effect of acquisitions and divestments was an increase of 349 persons.

Shareholders

In March 2000, the Parent Company, KCI Konecranes International Plc, paid dividends EUR 10.4 million (EUR 0.71 per share). The nominal value of the share is EUR 2.00.

The share price at the Helsinki Stock Exchange varied between EUR 25.10 and EUR 39.90. The share price closed at year-end at EUR 27.00.

The company's own shares

At year-end 2000, the Parent Company held 300,000 of its own shares with a total acquisition cost of EUR 7.5 million. This represents 2.00 % of the total amount of shares and voting rights. The Parent Company's ownership of its own shares did not change during the fiscal year.

Future Prospects

The results for the year 2000 confirm the strong momentum gained in all Business Areas. New products gain market share, penetration into new markets is successful, industry consolidation trends benefit KCI Konecranes.

The prospects for the year 2001 indicate confirmation and improvement of favourable developments, especially the order intake, of the year 2000. Sales and earnings growth is largely fuelled by new products and increased market share, with less exposure to market volatility.

CONSOLIDATED STATEMENT OF INCOME

		1.1. -31.12.2000	1.1. -31.12.1999
		(1000 EUR)	(1000 EUR)
Note 1	Sales	703,000	591,539
Note 2	Other operating income	14,017	2,803
	Share of result of participating interest undertakings	(122)	34
Note 3	Depreciation and reduction in value	(15,980)	(13,769)
Note 4	Other operating expenses	(661,304)	(548,497)
	Operating profit	39,611	32,110
Note 5	Financial income and expenses	(5,581)	(1,892)
	Income before taxes	34,030	30,218
Note 6	Taxes	(10,672)	(8,465)
	Net income	23,358	21,753

CONSOLIDATED BALANCE SHEET

ASSETS		31.12.2000	31.12.1999
		(1000 EUR)	(1000 EUR)
Non-current assets			
INTANGIBLE ASSETS			
Note 7	Development expenses	0	404
Note 8	Intangible rights	3,375	2,706
Note 9	Goodwill	20,407	3,462
Note 10	Group goodwill	8,755	10,302
	Advance payments	523	11,883
		33,060	28,757
TANGIBLE ASSETS			
Note 11	Land	3,979	3,943
Note 12	Buildings	23,602	23,900
Note 13	Machinery and equipment	28,573	27,778
	Advance payments and construction in progress	2,315	1,276
		58,469	56,897
INVESTMENTS			
Note 14	Participating interests	1,520	2,027
Note 15	Other shares and similar rights of ownership	5,005	2,827
Note 16	Own shares	7,487	7,487
		14,012	12,341
Current assets			
INVENTORIES			
	Raw materials and semi-manufactured goods	42,038	35,701
	Work in progress	47,150	35,267
	Advance payments	3,787	6,815
		92,975	77,783
LONG-TERM RECEIVABLES			
	Loans receivable	0	1,144
	Other receivables	620	305
Note 18	Deferred assets	185	16
		805	1,465
Note 17	SHORT-TERM RECEIVABLES		
	Accounts receivable	152,173	132,891
	Amounts owed by participating interest undertakings	2,534	1,741
	Loans receivable	62	66
	Other receivables	21,191	5,243
Note 23	Deferred tax asset	4,291	2,336
Note 18	Deferred assets	59,208	22,807
		239,459	165,084
CASH IN HAND AND AT BANKS		11,178	9,982
Total current assets		344,417	254,314
TOTAL ASSETS		449,958	352,309

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2000	31.12.1999
		(1000 EUR)	(1000 EUR)
Note 19	Equity		
	Share capital	30,000	30,000
	Share premium account	20,456	20,456
	Reserve for own shares	7,487	7,487
	Equity share of untaxed reserves	3,925	4,140
	Translation difference	(3,836)	(2,865)
	Retained earnings	73,915	62,715
	Net income for the period	23,358	21,753
		155,305	143,686
	Minority share	76	81
Note 20	Provisions	15,482	9,789
	Liabilities		
Note 21	LONG-TERM DEBT		
Note 21	Bonds	25,000	0
	Loans from credit institutions	10,381	44,251
	Pension loans	2,983	3,480
Note 22	Bonds with warrants	50	50
	Other long-term liabilities	2,670	2,556
Note 23	Deferred tax liability	2,289	2,678
		43,373	53,015
Note 24	CURRENT LIABILITIES		
	Loans from credit institutions	42,988	0
	Pension loans	497	497
	Advance payments received	29,722	21,643
	Accounts payable	55,303	46,426
	Amounts owed to participating interest undertakings	51	456
	Other short-term liabilities	27,600	18,447
	Accruals	79,561	58,269
		235,722	145,738
	Total liabilities	279,095	198,753
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		449,958	352,309

CONSOLIDATED CASHFLOW

	1.1.-31.12.2000 (1000 EUR)	1.1.-31.12.1999 (1000 EUR)
Operating income 1)	28,032	31,461
Depreciation	15,980	13,769
Financial income and expenses	(8,234)	(6,583)
Taxes	(12,625)	(7,685)
Free cashflow	23,153	30,962
Increase (-), decrease (+) in current assets	(56,493)	(21,806)
Increase (-), decrease (+) in inventories	(12,424)	2,507
Increase (+), decrease (-) in current liabilities	41,556	(16,462)
Cashflow from operations	(4,208)	(4,799)
Capital expenditure and advance payments to tangible assets	(11,172)	(10,937)
Capital expenditure and advance payments to intangible and financial assets	(5,064)	(8,746)
Fixed assets of acquired companies	(22,745)	1,025
Purchase of own shares	0	(7,487)
Disposals of fixed assets	15,889	2,362
Investments total	(23,092)	(23,783)
Cashflow before financing	(27,300)	(28,582)
Change in long-term debt, increase (+), decrease (-)	(9,254)	43,754
Change in short-term interest-bearing debt, increase (+), decrease (-)	48,452	(6,326)
Dividend paid	(10,437)	(10,730)
External financing	28,761	26,698
Correction items 2)	(265)	118
Net financing	1,196	(1,766)
Cash in hand and at banks at 1.1.	9,982	11,748
Cash in hand and at banks at 31.12.	11,178	9,982
Change in cash	1,196	(1,766)

1) Operating income after depreciation has been corrected by the result of participating interest undertakings and the profit / loss of disposal of assets.

2) Translation difference in cash in hand and at banks.

ACCOUNTING PRINCIPLES

PRINCIPLES OF CONSOLIDATION

Scope of Consolidation

The consolidated accounts include the parent company and those companies in which the parent company held directly or indirectly more than 50 % of the voting power at the end of the year.

Investments in associated companies have been accounted for in the consolidated financial statements under the equity method. An associated company is a company in which the parent company holds, directly or indirectly, 20-50% of the voting power and has, directly or indirectly, a participating interest of at least 20%.

Consolidation method

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

Intracorporate shareholdings have been eliminated by deducting the amount of each subsidiary's equity at the time of acquisition from the acquisition cost of its shares. The difference between the acquisition cost and the subsidiary's equity at the time of acquisition has been shown as goodwill.

The KCI Konecranes Group's share of the profit or loss of an associated company is shown in the Consolidated Statement of Income as a separate item. Depreciation of goodwill originating from acquisition of shares of associated companies is included in the share of the result of associated companies. The KCI Konecranes Group's share of the shareholders' equity of the associated companies at the date of acquisition, adjusted by changes in the associated companies' equity after the date of acquisition, is shown in the Balance Sheet under "participating interests". Any loss in an associated company, which exceeds the value of the shares, is primarily deducted from loans receivable from that company and any remaining loss is shown as a provision.

In certain countries, tax legislation allows allocations to be made to untaxed reserves. These allocations are not subject to taxation on condition that the corresponding deductions have also been made in the accounts. In the consolidated financial statements, the yearly allocations - reserves as well as the difference between the depreciation according to plan and depreciation accepted by tax laws - have been added to net income, excluding the change in the calculative deferred tax liability. The deferred tax liability is determined from the accumulation of untaxed reserves. The

accumulation of untaxed reserves, excluding the calculative deferred tax liability, is included in the shareholders' equity in the Consolidated Balance Sheet. The deferred tax liabilities and deferred tax assets of Group companies caused by timing differences between income and corresponding taxable revenue as well as between expenses and corresponding tax deductible expenditure are shown in the Balance Sheet and Statement of Income as a separate item in taxes on prudent basis.

Taxes shown in the Consolidated Statement of Income include income taxes to be paid on the basis of local tax legislations as well as the effect of the yearly change in the deferred tax liability and deferred tax assets, determined by using the current tax rate.

Conversion of Foreign Subsidiary Financial Statements

The Balance Sheets of foreign subsidiaries have been converted into euros at the rates current on the last day of the year and the Statements of Income at the average rates of the financial year. Translation differences resulting from converting the shareholders' equity of foreign subsidiaries have been included in equity.

FOREIGN CURRENCY ITEMS AND EXCHANGE RATE DIFFERENCES

Receivables and liabilities in foreign currencies have been valued at the rates current on the last day of the year. Receivables and liabilities covered by forward exchange contracts have been valued at contract rates. Realised 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. The exchange rate differences resulting from forward contracts, which are designated as hedges on equity in foreign subsidiaries have been matched against the translation difference booked into equity.

REVENUE RECOGNITION

Revenue from goods sold and services rendered is recognised at completion of the delivery. In Konecranes VLC Corporation's long-term projects the percentage of completion method is used.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged as expenses during the year in which they are incurred.

PENSION SETTLEMENTS AND COSTS

Pensions are generally handled for KCI Konecranes companies by outside pension insurance companies or by similar arrangements. Any other pension liabilities are directly charged in the annual accounts.

VALUATION OF INVENTORIES

Raw materials and supplies are valued at standard price based on purchase costs or, if lower, at replacement value. This approximates the fifo principle. Semi-manufactured goods have been valued at variable production costs. Work in progress of uncompleted orders includes direct labour and material costs, as well as a proportion of overhead costs related to production and installation.

VALUATION AND DEPRECIATION OF INTANGIBLE AND TANGIBLE ASSETS

Intangible and tangible assets are stated at cost. In Group certain land and buildings can include immaterial amounts as revaluation. A predetermined plan is used in carrying out depreciation of fixed assets. Depreciation is based on the estimated useful economic life of various assets as follows:

- Buildings	5-40 years
- Machinery and equipment	4-10 years
- Goodwill	5-20 years
- Other intangible assets	4-10 years

No depreciation is made for land. Goodwill on consolidation of Konecranes T&H GmbH and Kulicke Krane GmbH is amortized over 10 years and the goodwill in Noell Konecranes GmbH over 20 years, which corresponds to the estimated time of influence of the acquisition. Other goodwill is amortized over 5 years.

OWN SHARES

The company's own shares are entered at cost under investments. For calculation of key figures, own shares are eliminated from shareholders' equity and number of shares.

PROVISIONS

Future expenses related to this or previous financial years to which group companies have committed themselves and which will produce no future income are charged against income as a provision for liabilities and charges. The same principle is applied for those future losses, if any, which seem certain to be realised.

STATEMENT OF CASH FLOW

Changes in financial position are presented as cash flows classified by operating, investing and financing activities. The effect of changes in exchange rates has been eliminated by converting the opening balance at the rates current on the last day of the year, except cash and bank deposits which are valued according to the rates as per 31.12.1999 and 31.12.1998.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All figures are in millions of Euros.

STATEMENT OF INCOME

	2000	1999
1. Sales		
Sales by market-area		
Finland	58.8	53.3
Rest of Nordic countries	54.0	48.7
Rest of EU	200.9	172.5
Rest of Europe	43.9	48.7
Americas	284.4	214.9
Asia and Australia	46.2	41.3
Middle-East	12.3	8.9
Others	2.6	3.3
Total	703.0	591.5
Percentage of completion method (see accounting principles)		
The booked revenues of non-delivered projects	42.9	29.0
The booked revenues of non-delivered projects during the period	40.2	23.7
The amount of long-term projects in the order book		
- percentage of completion method used	126.7	61.2
- completed contract method used	182.1	117.2
2. Other operating income	2000	1999
Profit of disposal of fixed assets	1.7	1.0
Profit from the sale of shares in Vacon Oyj	10.8	0.0
Other	1.5	1.8
Total	14.0	2.8
3. Depreciation	2000	1999
Formation expenses	0.0	0.1
Intangible rights	0.8	0.7
Goodwill	2.2	0.9
Group Goodwill	1.9	1.8
Buildings	1.9	1.9
Machinery and equipment	9.2	8.4
Total	16.0	13.8
4. Costs, expenses and personnel	2000	1999
Change in product inventory	(6.1)	8.5
Production for own use	(0.2)	(0.3)
Material and supplies	246.6	194.9
Subcontracting	89.0	71.3
Wages and salaries	163.7	138.9
Pension costs	12.0	10.2
Other personnel expenses	37.5	28.9
Other operating expenses	118.7	96.1
Total	661.3	548.5

Includes EUR 8.8 million one-time restructuring costs and charges in 2000.

Wages and salaries in accordance with the Statement of Income:

Presidents	5.0	4.3
Members of the Board	0.1	0.1
Other wages and salaries	158.6	134.5
Total	163.7	138.9

The average number of personnel	4,244	4,050
Personnel 31 December, of which in Finland	4,463	4,044
	1,503	1,332

The retirement age of the CEO has been agreed to be 60 years.

	2000	1999
5. Financial income and expenses		
Dividend income	0.2	0.2
Interest income from current assets	2.2	5.5
Other financial income	0.7	0.3
Interest expenses	(8.3)	(7.6)
Other financial expenses	(0.4)	(0.3)
Total	(5.6)	(1.9)

	2000	1999
6. Taxes		
Local income taxes of group companies	13.3	7.6
Taxes from previous years	(0.1)	(0.2)
Avoir Fiscal	(0.6)	(0.1)
Change in deferred tax liability arising from consolidation	(0.4)	0.1
Change in deferred tax assets arising from timing differences	(1.6)	1.0
Total	10.7	8.5

BALANCE SHEET

Non-current assets

	2000	1999
7. Development expenses		
Acquisition costs as of 1 January	0.4	0.0
Increase	0.0	0.4
Decrease	(0.4)	(0.0)
Acquisition costs as of 31 December	0.0	0.4
Accumulated depreciation 1 January	(0.0)	(0.0)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(0.0)	(0.0)
Total as of 31 December	0.0	0.4

	2000	1999
8. Intangible rights		
Acquisition costs as of 1 January	6.1	5.4
Increase	1.4	0.6
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	7.5	6.0
Accumulated depreciation 1 January	(3.3)	(2.6)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(0.8)	(0.7)
Total as of 31 December	3.4	2.7

9. Goodwill	2000	1999
Acquisition costs as of 1 January	5.8	4.9
Increase	18.9	0.8
Decrease	(0.0)	(0.1)

Acquisition costs as of 31 December	24.7	5.5
Accumulated depreciation 1 January	(2.1)	(1.1)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(2.2)	(0.9)
Total as of 31 December	20.4	3.5

10. Group goodwill	2000	1999
Acquisition costs as of 1 January	14.4	10.3
Increase	0.9	5.0
Decrease	(0.5)	(0.9)

Acquisition costs as of 31 December	14.7	14.4
Accumulated depreciation 1 January	(4.1)	(2.3)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(1.9)	(1.8)
Total as of 31 December	8.8	10.3

Acquisition costs included in Group goodwill, originating from accelerated depreciation and untaxed reserves, was MEUR 2.6 on December 31 (MEUR 3.0 in 1999). This part of Group goodwill will decrease as the companies reverse their depreciation difference and untaxed reserves.

11. Land	2000	1999
Acquisition costs as of 1 January	3.9	3.9
Increase	0.0	0.0
Decrease	(0.0)	(0.0)
Total as of 31 December	3.9	3.9

12. Buildings	2000	1999
Acquisition costs as of 1 January	38.5	37.6
Increase	1.1	1.5
Decrease	(0.0)	(0.1)

Acquisition costs as of 31 December	39.6	39.0
Accumulated depreciation 1 January	(14.1)	(13.2)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(1.9)	(1.9)
Total as of 31 December	23.6	23.9

13. Machinery and equipment	2000	1999
Acquisition costs as of 1 January	72.7	78.1
Increase	9.0	8.8
Decrease	(2.5)	(8.0)

Acquisition costs as of 31 December	79.3	78.9
Accumulated depreciation 1 January	(43.2)	(48.9)
Accumulated depreciation relating to disposals	1.6	6.1
Depreciation for financial year	(9.1)	(8.4)
Total as of 31 December	28.6	27.8

The balance value of machinery and production equipment approximates the balance value of machinery and equipment.

14. Participating interests	2000	1999
Acquisition costs as of 1 January	2.0	0.6
Change in the share in participating interest undertaking	(0.1)	(0.1)
Increase	0.0	1.5
Decrease	(0.4)	(0.0)

Total as of 31 December	1.5	2.0
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The asset value of the shares in participating interest undertaking consists of the Group's proportion of the shareholders' equity of the participating interest undertaking at the acquisition date, adjusted by any variation in the shareholders' equity of the participating interest undertaking after the acquisition. The balance value 31.12. of goodwill originating from acquisition of associated companies was 1.1 MEUR (1.3 MEUR 1999).

15. Other shares and similar rights of ownership	2000	1999
Acquisition costs as of 1 January	2.8	10.5
Increase	4.0	0.0
Decrease	(1.8)	(7.7)

Total as of 31 December	5.0	2.8
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The decrease in 1999 other shares includes the acquisition costs of Konecranes T&H GmbH and Kran- und Stahlbau Ludwig GmbH (MEUR 7.7).

16. Own shares	2000	1999
Acquisition costs as of 1 January	7.5	0.0
Increase	0.0	7.5
Total as of 31 December	7.5	7.5

In accordance with the decision of the Annual General Meeting, the company bought back between 14 October and 25 November, 1999 300,000 of its own shares at an average price of EUR 24.96 per share. At December 2000, the company held 300,000 shares with a total nominal value of EUR 600,000 and a total purchase price of MEUR 7.5 which is 2 % of total amount of shares and votes.

17. Short-term receivables

Amounts owed by participation interest undertakings:		
	2000	1999
Accounts receivable	2.1	1.6
Bills receivable	0.4	0.1
Total	2.5	1.7

The items, which have been netted, due to the percentage of completion method

	2000	1999
Receivable arising from percentage of completion method	37.4	19.0
Advances received	37.4	19.0

18. Deferred assets

	2000	1999
Income taxes	2.1	2.5
Interest	0.0	0.9
Receivable arising from percentage of completion method	5.6	9.9
Periodising of foreign exchange derivatives	40.1	3.2
Other	11.6	6.4
Total	59.4	22.8

19. Shareholders' equity

	2000	1999
Share capital as of 1 January	30.0	20.2
Change	0.0	9.8
Share capital as of 31 December	30.0	30.0
Share premium account 1 January	20.5	30.3
Change	0.0	(9.8)
Share premium account as of 31 December	20.5	20.5
Reserve for own shares as of 1 January	7.5	0.0
Change	0.0	7.5
Reserve for own shares as of 31 December	7.5	7.5

Equity share of untaxed reserves (opening balance)	4.1	4.6
Equity share of untaxed reserves as of 1 January	0.1	0.1
Change of equity share of untaxed reserves	(0.3)	(0.5)
Total as of 31 December	3.9	4.1

Translation difference as of 1 January	(2.9)	(4.8)
Change	(0.9)	1.9
Translation difference as of 31 December	(3.8)	(2.9)

Retained earnings as of 1 January	84.5	81.0
Equity share of untaxed reserves as of 1 January	(0.1)	(0.1)
Transfer to reserve for own shares	0.0	(7.5)
Dividend paid	(10.4)	(10.7)

Retained earnings as of 31 December	73.9	62.7
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Net income for the period	23.4	21.8
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Shareholders' equity as of 31 December	155.3	143.7
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Distributable equity 31 December

	2000	1999
Retained earnings as of 31 December	73.9	62.7
Net income for the period	23.4	21.8
Translation difference	(3.8)	(2.9)
Formation expenses	(0.1)	(0.0)
Equity share of untaxed reserves as of 1 January	(0.4)	(0.1)

Total	92.9	81.5
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20. Provisions

	2000	1999
Provision for guarantees	5.0	4.5
Provision for claims	0.8	0.8
Provision for restructuring	5.5	0.3
Provision for pension commitments	3.1	3.1
Other provisions	1.1	1.1
Total	15.5	9.8

21. Long-term debt

Pension loans consist of loans from insurance companies against pension insurance payments to them.

Long-term debt which fall due after five years:	2000	1999
Pension loans	1.2	1.5

Bonds:	2000	1999
2000 / 2005 6.25 %	25.0	0.0

22. Warrants and bonds with warrants

The Annual General Meeting 4th March 1997 of KCI Konecranes International Plc resolved to issue bonds with warrants of EUR 50,456.38 to the management of the KCI Konecranes Group. The term of the bond is six years and the bond does not yield interest. Each bond with a nominal value of EUR 16.82 shall have 100 warrants attached. Each warrant entitles the holders to subscribe for one KCI Konecranes International Plc's share with a nominal value of EUR 2 at a subscription price of EUR 26.07. The annual period of subscription shall be 2 January through 30 November. Shares can be subscribed for starting on or after 1 April 2003 but no later than 31 October 2008.

The Annual General Meeting 11th March 1999 resolved to issue 3,000 warrants to the management of the KCI Konecranes Group entitling the warrant holders to subscribe for a maximum of 300,000 shares in KCI Konecranes International Plc. Each warrant gives its holder the right to subscribe to one hundred shares each with a nominal value of EUR 2 at a subscription price of EUR 33. The annual period of subscription shall be January 2 through November 30. With A-series warrants shares can be subscribed to starting on April 1, 2002 and ending on March 31, 2005 and with B-series warrants starting on April 1, 2005 and ending on March 31, 2008.

23. Deferred tax assets and liabilities

Deferred tax assets are based on	2000	1999
Consolidation	1.1	0.9
Timing difference	3.2	1.4
Total	4.3	2.3

Deferred tax liabilities are based on

Timing difference	0.7	0.7
Untaxed reserves	1.6	2.0
Total	2.3	2.7

24. Current liabilities

Accruals:	2000	1999
Income taxes	7.4	2.3
Wages, salaries and personnel expenses	24.4	19.9
Pension costs	2.7	2.5
Interest	0.8	0.1
Other items	44.4	33.5
Total	79.6	58.3

Amounts owed to participating interest undertakings:

	2000	1999
Other current interest bearing liabilities	0.0	0.4
Bills payable (non-interest bearing)	0.0	0.1
Total	0.0	0.5

Other current liabilities:

	2000	1999
Bank overdrafts	12.1	8.9
Bills payable (non-interest bearing)	3.7	2.8
Value added tax	4.8	2.8
Other short-term liabilities	7.1	3.9
Total	27.6	18.4

25. Contingent liabilities and pledged assets

CONTINGENT LIABILITIES	2000	1999
For own debts		
Mortgages on land and buildings	10.0	9.8
For own commercial obligations		
Pledged assets	0.6	0.2

Guarantees	125.1	111.0
For associated company's debts		
Guarantees	0.7	0.0
For others		
Guarantees	0.2	0.2

OTHER CONTINGENT AND FINANCIAL LIABILITIES

Leasing liabilities		
Next year	9.1	6.3
Later on	7.8	8.8
Other	0.5	0.5

Leasing contracts follow the normal practices in corresponding countries.

TOTAL BY CATEGORY

Mortgages on land and buildings	10.0	9.8
Pledged assets	0.6	0.2
Guarantees	126.1	111.2
Other liabilities	17.3	15.6
Total	154.0	136.8

DEBTS WHICH HAVE MORTGAGES ON LAND AND BUILDINGS

Pension loan	3.5	4.0
Given mortgages	5.9	5.9
Other debts	0.0	0.0
Given mortgages	4.1	3.9
Total mortgages	10.0	9.8

26. Notional amounts of derivative financial instruments

	2000	1999
Foreign exchange forward contracts	486.2	570.0
Interest rate swaps	25.0	0.0
Currency options	0.0	60.0
Total	511.2	630.0

Derivatives are used for currency and interest rate hedging only.

The notional amounts do not represent amounts exchanged by the parties and are thus not a measure of the exposure. A clear majority of the transactions relate to closed positions, and these contracts set off each other. The hedged orderbook and equity represent approximately one half of the total notional amounts.

PARENT COMPANY STATEMENT OF INCOME

		1.1.-31.12.2000	1.1.-31.12.1999
		(1000 EUR)	(1000 EUR)
Note 1	Sales	11,961	10,460
	Other operating income	57	125
Note 2	Depreciation and reduction in value	(841)	(960)
Note 3	Other operating expenses	(10,054)	(9,719)
	Operating profit	1,123	(94)
Note 4	Financial income and expenses	637	610
	Income before extraordinary items	1,759	516
Note 5	Extraordinary items	33,783	16,041
	Income before appropriations and taxes	35,543	16,557
Note 6	Decrease (+) in depreciation difference	56	111
Note 7	Income taxes	(10,601)	(4,672)
	Net income	24,998	11,995

PARENT COMPANY BALANCE SHEET

ASSETS		31.12.2000 (1000 EUR)	31.12.1999 (1000 EUR)
Non-current assets			
INTANGIBLE ASSETS			
Note 8	Development expenses	0	404
Note 9	Intangible rights	1,567	1,861
	Advance payments	12	11,883
		1,579	14,148
TANGIBLE ASSETS			
Note 10	Buildings	30	39
Note 11	Machinery and equipment	577	852
		607	891
INVESTMENTS			
Note 12	Investments in group companies	50,449	50,449
Note 12	Other shares and similar rights of ownership	326	326
Note 13	Own shares	7,487	7,487
		58,262	58,262
Current assets			
LONG-TERM RECEIVABLES			
	Loans receivable from group companies	39,995	11,773
		39,995	11,773
SHORT-TERM RECEIVABLES			
	Accounts receivable	18	21
	Amounts owed by group companies		
	Accounts receivable	2,492	4,091
Note 14	Deferred assets	34,480	21,423
	Other receivables	1	0
	Other receivables	12,419	610
Note 14	Deferred assets	196	772
		49,605	26,917
Total current assets		89,600	38,690
TOTAL ASSETS		150,049	111,991

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2000	31.12.1999
		(1000 EUR)	(1000 EUR)
Note 15	Equity		
	Share capital	30,000	30,000
	Share premium account	20,456	20,456
	Reserve for own shares	7,487	7,487
	Retained earnings	34,154	32,595
	Net income for the period	24,998	11,995
		117,095	102,534
	Depreciation difference	0	56
	Liabilities		
Note 16	LONG-TERM DEBT		
Note 16	Bonds	25,000	0
	Pension loan	360	420
	Other long-term debt	51	51
		25,411	471
	CURRENT LIABILITIES		
	Pension loan	60	60
	Accounts payable	687	1,212
	Liabilities owed to group companies		
	Accounts payable	11	107
Note 17	Accruals	624	5,292
	Other short-term liabilities	278	1,680
	Other short-term liabilities	127	89
Note 17	Accruals	5,757	490
		7,544	8,930
	Total liabilities	32,954	9,401
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		150,049	111,991

PARENT COMPANY CASHFLOW

	1.1.-31.12.2000 (1000 EUR)	1.1.-31.12.1999 (1000 EUR)
Operating income after depreciation 1)	1,071	(103)
Depreciation	841	960
Financial income and expenses	637	610
Extraordinary income	33,783	16,041
Taxes	(10,601)	(4,672)
Free cashflow	25,731	12,836
Change in current assets, increase (-), decrease (+)	(38,626)	7,808
Change in current liabilities, increase (+), decrease (-)	(1,386)	4,249
Cashflow from operations	(14,281)	24,894
Capital expenditure to tangible assets	(148)	(359)
Capital expenditure and advance payments to intangible assets	(215)	(6,320)
Purchase of own shares	0	(7,487)
Disposals of fixed assets	141	54
Investments total	(222)	(14,112)
Cashflow before financing	(14,503)	10,782
Increase (+), decrease (-) of long-term debt	24,940	(60)
Dividend paid	(10,437)	(10,722)
External financing	14,503	(10,782)
Net financing	0	0
Cash in hand and at banks at 1.1.	0	0
Cash in hand and at banks at 31.12.	0	0
Change in cash	0	0

1) Operating income after depreciation has been corrected by the profit / loss of disposals of fixed assets.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENT

STATEMENT OF INCOME

1. Sales

In the parent company the sales to subsidiaries totalled MEUR 12.0 (MEUR 10.5 in 1999) corresponding to a share of 100% (100% in 1999) of net sales.

2. Depreciation	2000	1999
Formation expenses	0.0	0.1
Intangible rights	0.5	0.4
Machinery and equipment	0.3	0.4
Total	0.8	1.0

3. Costs, expenses and personnel

Costs and expenses in the Statement of Income were as follows:	2000	1999
Wages and salaries	2.6	3.0
Pension costs	0.5	0.6
Other personnel expenses	0.4	0.3
Other operating expenses	6.5	5.8
Total	10.1	9.7

Wages and salaries in accordance with the Statement of Income:

Remuneration to Board	0.1	0.1
Other wages and salaries	2.5	2.9
Total	2.6	3.0

The average number of personnel

50 50

4. Financial income and expenses

Financial income from long-term investments:	2000	1999
Dividend income from group companies	0.1	0.1
Avoir Fiscal	0.1	0.1
Dividend income total	0.2	0.2

Interest income from long-term receivables:

From group companies	0.7	0.5
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Financial income from long-term investments total

0.9 0.7

Interest expenses and other financing expenses:

To group companies	(0.0)	(0.1)
Other financing expenses	(0.2)	(0.0)

Interest and other financial expenses total

(0.3) (0.1)

Financial income and expenses total

0.6 0.6

5. Extraordinary items

Group contributions received from subsidiaries	2000	1999
Group contributions received from subsidiaries	34.2	21.3
Group contributions paid to subsidiaries	(0.4)	(5.3)
Total	33.8	16.0

6. Increase (-), decrease (+) in depreciation difference

The accelerated depreciation in the parent company is split between asset categories as follows (increase in depreciation are indicated by parentheses)

Machinery and equipment	2000	1999
Machinery and equipment	0.1	0.1

7. Taxes

Taxes on extraordinary items	2000	1999
Taxes on extraordinary items	9.8	4.5
Taxes on ordinary operations	0.5	0.2
Taxes from previous accounting periods	0.3	0.0
Total	10.6	4.7

BALANCE SHEET

8. Development expenses

Acquisition costs as of 1 January	2000	1999
Acquisition costs as of 1 January	0.4	0.0
Increase	0.0	0.4
Decrease	(0.4)	(0.0)
Acquisition costs as of 31 December	0.0	0.4
Accumulated depreciation 1 January	(0.0)	(0.0)
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	(0.0)	(0.0)
Total as of 31 December	0.0	0.4

9. Intangible rights

Acquisition costs as of 1 January	2000	1999
Acquisition costs as of 1 January	4.4	4.1
Increase	0.2	0.2
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	4.6	4.4
Accumulated depreciation 1 January	-2.5	-2.1
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	-0.5	-0.4
Total as of 31 December	1.6	1.9

10. Buildings

Acquisition costs as of 1 January	2000	1999
Acquisition costs as of 1 January	0.1	0.1
Increase	0.0	0.0
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	0.1	0.1
Accumulated depreciation 1 January	(0.1)	(0.1)
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	(0.0)	(0.0)
Total as of 31 December	0.0	0.0

11. Machinery and equipment

Acquisition costs as of 1 January	2000	1999
Acquisition costs as of 1 January	2.1	2.1
Increase	0.1	0.4
Decrease	(0.3)	(0.4)
Acquisition costs as of 31 December	2.0	2.1
Accumulated depreciation 1 January	(1.3)	(1.2)
Accumulated depreciation relating to disposals	0.2	0.3
Accumulated depreciation	(0.3)	(0.4)
Total as of 31 December	0.6	0.9

12. Other shares and similar rights of ownership

	2000	1999
Acquisition costs as of 1 January	50.8	50.8
Increase	0.0	0.0
Decrease	(0.0)	(0.0)
Total as of 31 December	50.8	50.8

Investments in Group companies

	Domicile	Book value	% of shares
Konecranes Finance Corp.	Hyvinkää	46.3	100%
Konecranes VLC Corp.	Hyvinkää	4.2	100%
Total		50.5	

Investment in other companies

Vierumäen Kuntorinne Oy	0.3	3.3%
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13. Own shares

	2000	1999
Acquisition costs as of 1 January	7.5	0.0
Increase	0.0	7.5
Total as of 31 December	7.5	7.5

In accordance with the decision of the Annual General Meeting, the company bought back between 14 October and 25 November 300,000 of its own shares at an average price of EUR 24.96 per share. At December 2000, the company held 300,000 shares with a total nominal value of EUR 600,000 and a total purchase price of MEUR 7.5 which is 2 % of total amount of shares and votes.

14. Deferred assets

	2000	1999
Group contributions	34.2	21.3
Payments which will be realised during the next financial year	0.1	0.8
Pension costs	0.1	0.0
Interest	0.3	0.1
Total	34.7	22.2

15. Shareholders' equity

	2000	1999
Share capital as of 1 January	30.0	20.2
Change	0.0	9.8
Share capital as of 31 December	30.0	30.0
Share premium account 1 January	20.5	30.3
Change	0.0	(9.8)
Share premium account as of 31 December	20.5	20.5
Reserve for own shares as of 1 January	7.5	0.0
Change	0.0	7.5
Reserve for own shares as of 31 December	7.5	7.5
Retained earnings as of 1 January	44.6	50.8
Transfer to reserve for own shares	0.0	(7.5)

Dividend paid	(10.4)	(10.7)
Retained earnings as of 31 December	34.2	32.6
Net income for the period	25.0	12.0
Shareholders' equity as of 31 December	117.1	102.5
Distributable equity 31 December	2000	1999
Retained earnings as of 31 December	34.2	32.6
Net income for the period	25.0	12.0
Formation expenses	(0.1)	(0.0)
Total	59.1	44.6

16. Long term debt

Long term debt which fall due after five years:	2000	1999
Pension loans	0.1	0.2

Bonds:

2000 / 2005 6.25 %	25.0	0.0
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17. Accruals

	2000	1999
Income taxes	5.1	0.0
Wages, salaries and personnel expenses	0.3	0.4
Interest	0.2	0.0
Other items	0.8	5.4
Total	6.4	5.8

18. Contingent liabilities and pledged assets

	2000	1999
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CONTINGENT LIABILITIES

For obligations of subsidiaries		
Group guarantees	100.8	104.4

OTHER CONTINGENT AND FINANCIAL LIABILITIES

Leasing liabilities		
Next year	0.0	0.0
Later on	0.1	0.1

Leasing contracts are valid in principle three years and they have no terms of redemption.

TOTAL BY CATEGORY

Guarantees	100.8	104.4
Other liabilities	0.1	0.1
Total	100.9	104.5

19. Notional amounts of derivative financial instruments

	2000	1999
Foreign exchange forward contracts	3.1	6.0

Derivatives are used for currency rate hedging only.

COMPANY LIST

Subsidiaries owned by the parent company		1000 EUR		
		Book-value	Parent company's share	Group's share
Finland:	Konecranes Finance Corporation	46 248	100	100
	Konecranes VLC Corporation	4 201	100	100
Subsidiaries owned by the group		Book-value		Group's share
Australia:	Konecranes Pty Ltd	175		100
Austria:	Konecranes Ges.m.b.H	217		100
Belgium:	Breva Konecranes S.A.	2		100
Canada:	Konecranes Canada Inc.	3 049		100
	Provincial Cranes Inc.	36		100
Czech Republic:	Konecranes CZ s.r.o.	54		100
China:	Konecranes (Shanghai) Co Ltd	209		100
Denmark:	Konecranes A/S	77		100
Estonia:	Konecranes Oü	0		100
Finland:	Finox Nosturit Oy	20		100
	Konecranes Components Corporation	6 540		100
	Konecranes Nordic Corporation	2 615		100
	KCI Special Cranes Corporation	80		100
	KCI Hoists Corporation	2 423		100
	KCI Motors Corporation	1 384		100
	KCI Tehdaspalvelu Oy	100		100
	Nosturiexpertit Oy	10		100
	Permeco Oy	113		100
	Tepa-Mestarit Oy	812		100
	Notepa Oy	17		100
	Pirkanmaan Tehdaspalvelu Oy	10		100
	Imatran Käämityöliike Oy	657		100
France:	Verlinde S.A.	2 744		99,6
	KCI Holding France S.A.	3 918		100
	Matman Konecranes S.A.	0		100
	CGP-Konecranes S.A.	736		100
	Cogeran Konecranes S.A.	1 465		100
	KONE Ponts Roulants S.A.	0		100
Germany:	Pro Kran Service GmbH	1 300		100
	Konecranes GmbH	17 751		100
	SWF Krantechnik GmbH	15 500		100
	Konecranes T&H GmbH	7 649		100
	Kran- und Stahlbau Ludwig GmbH	1 238		100
	Noell Konecranes GmbH	3 504		100
	Kulicke Krane GmbH	1 805		100
	Kulicke Kranservice Schwedt GmbH	364		100
	Kulicke Kranservice Köpenick GmbH	30		100
Hungary:	Konecranes Kft.	792		100
Indonesia:	Pt. Konecranes	148		100
Latvia:	Sia Konecranes Latvija	2		100
Lithuania:	UAB Konecranes	52		100
Malaysia:	Konecranes Sdn. Bhd.	745		100

		1000 EUR	
Mexico:	Konecranes Mexico SA de CV	1 456	100
	Gruas Mexico SA de CV	752	100
The Netherlands:	Konecranes Holding BV	3 851	100
	Konecranes Schipper BV	18	100
	Verlinde Nederland BV	106	100
Norway:	Konecranes A/S	908	100
Poland:	Konecranes Poland Sp. z o.o.	97	100
	Centrum Techniki Urzadzen Transportu		
	Bliskiego "Cranex" Sp. z o.o.	81	100
Romania:	Konecranes Romania S.r.l.	49	100
	S.C. Prodmoreco S.A.	48	100
Russia:	ZAO Konecranes	6	100
Singapore:	KCI Cranes Holding (Singapore) Pte Ltd	603	100
	Konecranes Pte Ltd	1 925	100
Sweden:	KVRM Holding Sverige AB	1 682	100
	KCI Special Cranes AB	0	100
	Konecranes AB	1 548	100
Thailand:	Konecranes Service Co. Ltd.	105	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	ZAO Konecranes Ukraine	89	100
United Kingdom:	KCI Holding U.K. Ltd.	6 821	100
	Lloyds Konecranes Ltd.	2 309	100
	Konecranes (U.K.) Ltd.	1 586	100
	Verlinde Hoists Ltd.	0	100
U.S.A.	KCI Holding USA, Inc.	12 083	100
	Konecranes America, Inc.	4 847	100
	Konecranes, Inc.	312	100
	R&M Materials Handling, Inc.	8 813	100
Associated companies			
France:	Levelec S.A.	11	20
	MUNCH Manutention Service S.a.r.l.	7	30
	Boutonnier ADT Levage S.A.	92	25
	Manelec S.a.r.l.	30	25
	Manulec S.A.	122	25
	VH Manutention S.a.r.l.	0	25
	Sere Maintenance S.A.	38	25
Italy:	Prim S.p.A.	1 534	25
Total:		1 834	
Other shares			
Finland:	Levator Oy	33	19
	Vacon Oyj	4 380	10
	Vierumäen Kuntorinne Oy	326	3.3
France:	Synertech S.A.	7	10
Malaysia:	Kone Products & Engineering Sdn. Bhd.	16	10
Venezuela:	Gruas Konecranes, C.A.	19	10
Others:		224	
Total:		5 005	

DEVELOPMENT BY BUSINESS AREAS

	2000 (MEUR)	1999 (MEUR)
SALES AND OPERATING INCOME		
Maintenance Services		
Sales	342.0	274.9
Operating income	21.3	19.4
Standard Lifting Equipment		
Sales	253.4	218.7
Operating income	22.5	21.5
Special Cranes		
Sales	189.6	157.5
Operating income	13.8	12.4
Internal sales	(82.0)	(59.6)
Group sales	703.0	591.5
Operating income before group overheads	57.6	53.3
Group costs	(14.4)	(18.9)
Non business area items	(3.6)	(2.3)
Group operating income	39.6	32.1
PERSONNEL 31 December		
Maintenance Services	2,501	2,261
Standard Lifting Equipment	1,178	1,134
Special Cranes	673	542
Group staff	111	107
Total	4,463	4,044

THE KCI KONECRANES GROUP 1996 - 2000

Business development		2000	1999	1998	1997	1996
Order intake	MEUR	764.4	538.7	542.8	526.8	449.4
Order book	MEUR	308.8	178.4	194.8	217.5	176.0
Net sales	MEUR	703.0	591.5	597.0	517.3	412.2
of which outside Finland	MEUR	644.2	538.3	542.3	461.5	348.5
Export from Finland	MEUR	217.8	180.7	213.0	167.9	118.2
Personnel on average		4,244	4,050	3,968	3,720	3,351
Capital expenditure	MEUR	14.7	12.9	15.1	16.6	9.3
as a percentage of net sales	%	2.1	2.2	2.5	3.2	2.2
Research and development costs	MEUR	6.9	7.8	7.2	7.1	6.9
as % of Standard Lifting Equipment 1)	%	2.7	3.6	3.5	3.7	4.5
as % of Group net sales	%	1.0	1.3	1.2	1.4	1.7
Profitability						
Net sales	MEUR	703.0	591.5	597.0	517.3	412.2
Income from operations (before goodwill amortization)	MEUR	43.7	34.8	44.5	39.8	35.2
as percentage of net sales	%	6.2	5.9	7.5	7.7	8.5
Operating income	MEUR	39.6	32.1	42.6	39.0	34.9
as percentage of net sales	%	5.6	5.4	7.1	7.5	8.5
Income before extraordinary items	MEUR	34.0	30.2	43.3	39.4	35.0
as percentage of net sales	%	4.8	5.1	7.2	7.6	8.5
Income before taxes	MEUR	34.0	30.2	43.3	39.4	35.0
as percentage of net sales	%	4.8	5.1	7.2	7.6	8.5
Net income	MEUR	23.4	21.8	31.4	27.9	23.4
as percentage of net sales	%	3.3	3.7	5.3	5.4	5.7
Key figures and balance sheet						
Shareholders' equity	MEUR	155.3	143.7	131.2	112.6	92.4
Balance Sheet	MEUR	450.0	352.3	308.3	290.7	239.4
Return on equity	%	16.4	16.3	25.7	27.2	28.1
Return on capital employed	%	19.4	21.7	32.6	36.2	36.3
Current ratio		1.4	1.7	1.3	1.3	1.4
Solidity	%	35.8	42.2	47.0	43.9	41.7
Gearing	%	57.7	35.8	7.2	1.3	8.1
Shares in figures						
Earnings per share	EUR	1.59	1.48	2.09	1.86	1.56
Equity per share	EUR	10.06	9.27	8.75	7.50	6.16
Dividend per share	EUR	0.71*	0.71	0.71	0.63	0.50
Dividend / earnings	%	44.7	48.0	34.2	33.9	32.4
Effective dividend yield	%	2.6	1.9	1.8	2.1	2.1
Price / earnings		17.0	25.8	18.5	16.3	15.7
Trading low / high	EUR	25.10/39.90	23.05/38.30	26.07/53.48	23.88/39.52	13.62/24.89
Average share price	EUR	32.67	30.24	37.50	33.00	16.85
Year-end market capitalisation	MEUR	405.0	572.7	580.2	454.1	365.8
Number traded	(1000)	7,379	13,198	8,039	5,992	9,254
Stock turnover	%	49.2	88.0	53.6	39.9	61.7

* The Board's proposal to the AGM

1) R&D serves mainly Standard Lifting Equipment

CALCULATION OF KEY FIGURES

Return on equity:	$\frac{\text{Income before extraordinary items - taxes}}{\text{Equity - own shares (average during the period)}} \times 100$
Return on capital employed:	$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts - own shares (average during the period)}} \times 100$
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Solidity:	$\frac{\text{Shareholders' equity - own shares}}{\text{Total amount of equity and liabilities - advance payment received - own shares}} \times 100$
Gearing:	$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Shareholders equity + minority share - own shares}} \times 100$
Earnings per share:	$\frac{\text{Net income +/- extraordinary items}}{\text{Number of shares - number of own shares}}$
Equity per share:	$\frac{\text{Shareholders' equity in balance sheet - own shares}}{\text{Number of shares - number of own shares}}$
Effective dividend yield:	$\frac{\text{Dividend per share}}{\text{Share price at the end of financial year}} \times 100$
Price per earnings:	$\frac{\text{Share price at the end of financial year}}{\text{Earnings per share}}$
Year-end market capitalisation:	Number of shares multiplied by the share price at the end of year
Average number of personnel:	Calculated as average of number of personnel in quarters

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

The Group's distributable equity is EUR 92,945,000. The parent company's distributable equity is EUR 59,061,638.53 of which the net income for the year is EUR 24,998,078.51.

The Board of Directors proposes that a dividend of EUR 0,71 be paid on each of the 14,700,000 shares for a total of EUR 10,437,000 and that the rest EUR 48,624,638.53 be retained and carried forward.

Helsinki, 7th February 2001

Björn Savén
Chairman of the Board of Directors

Timo Poranen
Member of the Board

Juha Rantanen
Member of the Board

Stig Stendahl
Member of the Board

Stig Gustavson
Member of the Board
President and CEO

Christoffer Taxell
Member of the Board

AUDITORS' REPORT

TO THE SHAREHOLDERS OF KCI KONECRANES INTERNATIONAL PLC

We have audited the accounting, the financial statements and administration of KCI Konecranes International Plc for the financial year 1.1. - 31.12.2000. The financial statements, which have been prepared by the Board of Directors and the Managing Director, include the Annual Report of the Board of Directors and the Income Statement, Balance Sheet and Notes to the Accounts of the group and the parent company. Based on our audit we express an opinion on the financial statements and administration.

The audit has been conducted in accordance with generally accepted auditing standards. In our audit we have examined the bookkeeping and accounting principles, contents and presentation sufficiently enough in order to evaluate that the financial statements are free of material misstatements or deficiencies. In our audit of the administration we have evaluated whether the actions taken by the Board of Directors and the Managing Director have been legitimate according to the Companies' Act.

In our opinion we state, that the financial statements are prepared in accordance with the Accounting Act and other regulations regarding the preparation of financial statements. The financial statements give a true and fair view of the results of the group and the parent company and their financial position in accordance with the Accounting Act. The financial statements, including the consolidated financial statements, can be adopted and the members of the Board of Directors and the Managing Director can be discharged from liability for the financial period audited by us. The Board of Directors' proposal concerning the use of distributable equity is in accordance with the Companies' Act.

Helsinki, February 7th 2001

Tuokko Deloitte & Touche Oy
Authorized Public Audit firm

Mikael Paul
Authorized Public Accountant

SHARES AND SHAREHOLDERS

Share Capital and Shares

KCI Konecranes International Plc's minimum share capital is EUR 20,000,000 and its maximum authorised share capital is EUR 80,000,000, within which limits the share capital may be increased or decreased without amending the Articles of Association. On December 31, 2000 the share capital fully paid and reported in the Trade Register was EUR 30 million.

The nominal value of the share is EUR 2.00. The number of shares is 15,000,000. The company has one series of shares. The shares carry one vote per share and all shares carry equal rights to dividends.

Quotation and Trading Code

The shares of KCI Konecranes International Plc have been quoted on the Helsinki Stock Exchange since March 27, 1996. In Helsinki Exchanges the share trading is in euros.

Trading code	KCI1V
Trading lot	100 shares

Share Price Performance and Turnover

The 2000 closing share price was EUR 27.00 (1999: EUR 38.18). During year 2000 the highest share price was EUR 39.90 (1999: EUR 38.30), the average price was EUR 32.67 (1999: EUR 30.24) and the lowest share price was EUR 25.10 (1999: EUR 23.05). The share price decreased with 29.28% during year 2000. HEX general index de-

creased by 10.60%, the HEX portfolio index by 24.86% and the HEX Metal & Engineering index by 16.16%.

The trading volume totalled 7,378,629 shares of KCI Konecranes at Helsinki Exchanges. This represents 49.19% of the company's outstanding shares. In monetary terms trading was EUR 241 million, which was the 32nd largest trading at Helsinki Exchanges. Total market capitalisation at year-end was EUR 405 million (1999: EUR 573 million), the 39th largest market value of companies listed on Helsinki Exchanges.

Shareholder Register

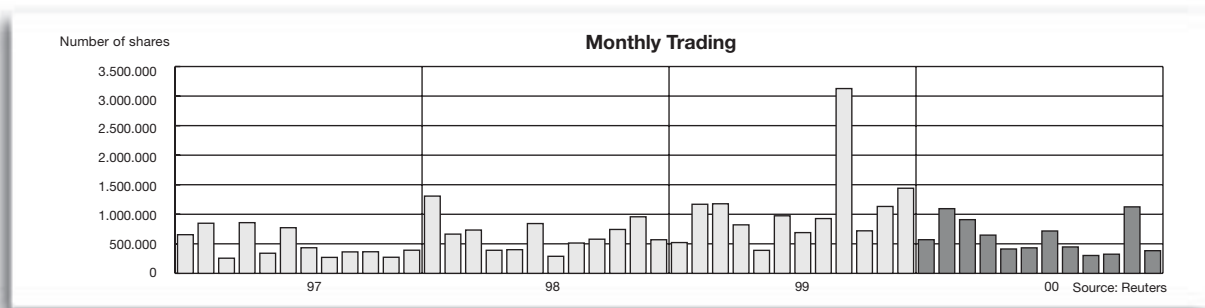
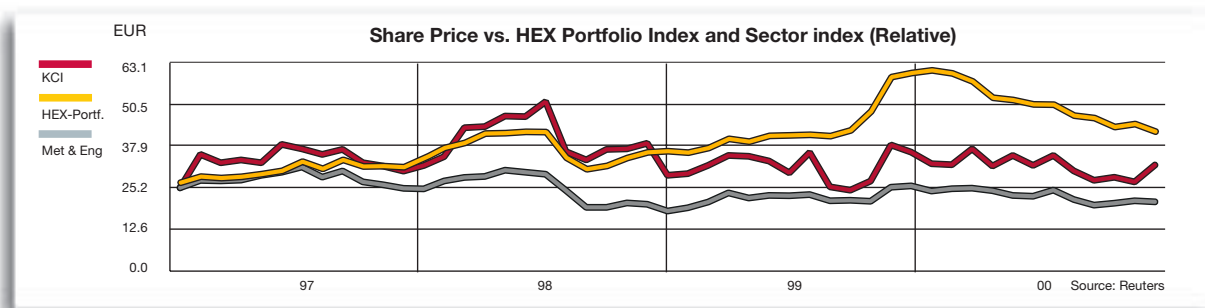
The shares of the company belong to the Book Entry Securities System. Shareholders should notify the particular register holding their Book Entry Account about changes in address or account numbers for payment of dividends and other matters related to their holdings in the share.

The company's own shares

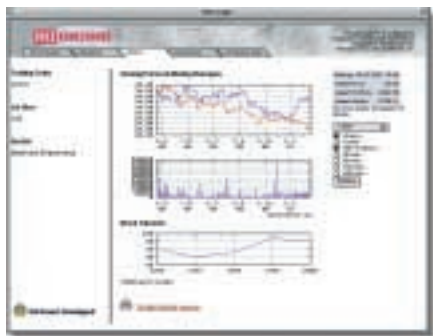
At year-end 2000, the Parent Company held 300,000 of its own shares with a total nominal value of EUR 600,000, which is 2% of the total amount of shares and voting rights. The Parent Company bought back 300,000 of its own shares between 14 October and 25 November 1999, at an average price of EUR 24.96 per share.

Taxable Value in Finland

For Finnish taxation purposes, the company's share was given a value of EUR 18.20 for fiscal 2000.



SHARES AND SHAREHOLDERS



In October 2000 KCI Konecranes opened a new website for its investors www.kcigroup.com. A new sharemonitor was added and a new "Virtual Analyst" tool to analyse our Group figures. The Virtual Analyst's graphs give a composite picture of the key ratios, which are relevant to examine.

Authorisations

Excluding the Share Option programs of 1997 and 1999, the Board has no unused authorisations to issue shares, convertible bonds or bonds with warrants. The 2000 AGM renewed the Board's authorisation to acquire a maximum of five (5) per cent of the company's own shares. The Board will propose to the AGM a renewal of the authorisation.

1997 Share Option Program

The 1997 Share Option Program was targeted for middle management. In all 288 managers and experts received bonds with warrants, exercisable on or after 1 April, 2003 at a price of EUR 26.07. The 1997 program represents a 2 % interest in the Company's outstanding shares.

1999 Share Option Program

The 1999 Share Option Program was targeted both for middle and top management. Under the program 333 members of Group top and middle management received options to buy a total of 300.000 shares in KCI Konecranes International Plc, at a price of EUR 33 each. The program, representing a 2% interest in the Company's outstanding shares, is exercisable in 2 tranches, the first 50% between April 1, 2002 and March 31, 2005 and the balance between April 1, 2005 and March 31, 2008.

Management's shareholding

On December 31, 2000 the third largest shareholder registered by name was the Company's President and CEO, Mr

Stig Gustavson, who held 420,875 shares representing 2.81% of the share capital. The Board of Directors, the President and CEO and Group Executives own an aggregate of 538,075 shares through direct or controlled ownership, corresponding to 3.59% of the shares and voting rights. In addition, they own options entitling them to subscribe 75,400 shares, representing 0.50% of the company's outstanding shares. Board members (excl. Mr Stig Gustavson) do not have options.

Foreign share ownership

At the end of 2000 the non-Finland based shareholding was 66.04% (1999: 61.22%). The percentage of shares registered in the name of a nominee was 61,90% (1999: 60.76%).

Dividend Policy and Proposal

Traditionally approximately one third of net profits has been paid as dividends. The Board of Directors proposes to the AGM that a dividend of EUR 0.71 per share will be paid for the fiscal year 2000. The dividend will be paid to persons, who are entered as shareholders in the share register on the record date March 13, 2001. Dividend payment day is March 20, 2001.



Investor Relations

KCI Konecranes will publish all company press releases in real time in English, Finnish and Swedish by e-mail or by fax. All company releases are also available in real time in English on our investor website www.kcigroup.com. To enrol on our distribution lists or if you have questions regarding the KCI Konecranes Group and its shares please do not hesitate to contact our **Investor Relations Manager Franciska Janzon** by e-mail franciska.janzon@kcigroup.com, by telephone +358-20 427 2043 or by mail KCI Konecranes International Plc, Franciska Janzon, P.O.Box 661, FIN-05801 Hyvinkää.

KCI Konecranes financial information calendar for 2001 is on 57 page and there is a list of brokers and analysts, who follow KCI Konecranes on page 56.

Major shareholders according to the shareregister as per 31.12.2000

	Amount of shares	Percentage of shares	Percentage of votes
1. Orkla AS	550,000	3.67	3.67
2. The Local Government Pension Institution	437,700	2.92	2.92
3. Gustavson Stig	420,875	2.81	2.81
4. The Pension Insurance Company Ilmarinen Ltd	402,500	2.68	2.68
5. Varma-Sampo Mutual Pension Insurance Company	367,820	2.45	2.45
6. Sampo-Leonia Group	337,600	2.25	2.25
Sampo-Leonia Insurance Company Plc	102,500	0.68	0.68
Sampo Life Insurance Company Ltd	88,400	0.59	0.59
Sampo Enterprise Insurance Company Ltd	80,000	0.53	0.53
Industrial Insurance Company Ltd	40,000	0.27	0.27
Leonía Life Insurance Company Ltd	26,700	0.18	0.18
7. KCI Konecranes International Plc	300,000	2.00	2.00
8. Federation of Finnish Metal, Engineering and Electrotechnical Industries FIMET	191,600	1.28	1.28
9. Pohjola Life Assurance Company Ltd	180,000	1.20	1.20
10. Merita Life Assurance Ltd	116,700	0.78	0.78

Shares registered in the name of a nominee as per 31.12.2000

Merita Bank Plc	8,399,898	56.00	56.00
Skandinaviska Enskilda Banken Ab	371,675	2.48	2.48
Svenska Handelsbanken AB	326,800	2.18	2.18
Leonía Bank Plc	77,555	0.52	0.52
OKOBANK Osuuspankki Keskuspankki Oyj	60,000	0.40	0.40
Helsinki Book-Entry Central Ltd / Svenska Handelsbanken / Helsinki Branch	33,670	0.22	0.22
Alfred Berg Finland Plc	6,200	0.04	0.04
United Bankers Stockbrokers Ltd	4,250	0.03	0.03
Leonía Back Office	3,600	0.02	0.02
D.Carnegie Ab, Finland Branch	760	0.01	0.01
Total	9,284,408	61.90	61.90

Shareholders according to the amount of shares owned as per 31.12.2000

Shares	Amount of s'holders	Amount of shares	Percentage of s'holders	Percentage of shares
1 – 1,000	1,232	323,396	82.85	2.16
1,001 – 5,000	154	353,300	10.36	2.36
5,001 – 10,000	30	218,599	2.02	1.46
10,001-50,000	48	1,194,039	3.23	7.96
50,000-300,000	15	1,633,398	1.01	10.89
300,001-	8	11,277,268	0.54	75.18
Total	1,487	15,000,000	100.00	100.00

Amount of shares owned by the members of the Board of Directors or CEO as per 31.12.2000

Amount of shares	451,275
Percentage of shares	3.01%
Percentage of votes	3.01%

Share register

	Percentage of shares	Percentage of votes
Companies	2.87	2.87
Financial institutions	9.89	9.89
Public institutions	11.60	11.60
Non-profit institutions	1.77	1.77
Individuals	5.83	5.83
Foreign	66.04	66.04
Shares held by KCI Konecranes International Plc	2.00	2.00
Total	100.00	100.00

CORPORATE GOVERNANCE

Board of Directors

The Annual General Meeting confirms the number of members of the Board of Directors, elects the members of the Board and confirms members' compensations.

The KCI Konecranes Board of Directors consists of a minimum of six (6) and a maximum of seven (7) members. The mandate of the members of the Board of Directors expires at the closing of the third Annual General Meeting following their election. The mandate of Christoffer Taxell expires at the Annual General Meeting in 2001, the mandates of Björn Savén, Juha Rantanen and Stig Stendahl at the Annual General Meeting in 2002 and the mandates of Timo Poranen and Stig Gustavson at the Annual General Meeting in 2003. Christoffer Taxell will not stand for re-election at the Annual General Meeting in 2001.

The Board of Directors elects its Chairman. There is no specific division between tasks and responsibilities of the members of the Board and the Chairman. The tasks of the Board members are specified in the Companies Act. The Board members do not have any special tasks in addition to those arising out of law.

The Board elects the Managing Director (President) of KCI Konecranes. The Board of Directors may nominate a Deputy to the President and also Assistant Managing Directors. The President shall be a member of the Board of Directors but may not be elected Chairman. The President's remuneration and other benefits are approved by the Board, and are specified in a written agreement between KCI Konecranes and the President.

Remuneration

The remunerations for the Board during 2000 were as follows: the Chairman FIM 150,000/year and members FIM 75,000/year. The President and any other Board member employed by KCI Konecranes do not receive separate compensation for their Board membership.

The main elements of the President's remuneration and other benefits during 2000 were as follows: salary FIM 1,301,315.40, other benefits valued at FIM 62,400. No bonus for fiscal year 1999 was paid.

The President may retire at the age of 60 years with a 60 % pension. Early termination can be made on payment of up to 24 months' salary. The Board of Directors approves the remuneration and basis for other benefits for Executives and Staff Directors.

Insider Regulations

The Board of Directors has accepted the Guidelines for Insiders given by the Helsinki Exchanges to be followed in KCI Konecranes. Based on these Guidelines the Board has issued Insider Regulations for KCI Konecranes.

European Works Council

There is a European Works Council (EWC) in KCI Konecranes. The EWC meets once a year. The EWC is based on an agreement between KCI Konecranes International Plc and its European employees.

The purpose of the EWC is to inform and consult employees about important transnational questions. The role of the EWC is to enhance constructive exchange of opinions on questions concerning the development of KCI Konecranes', industrial, economic, commercial, financial and human resources. The EWC shall address only matters that relate to more than one country.

The EWC representatives and their substitutes are elected by the personnel. The management representatives are appointed by the President of KCI Konecranes. The EWC has a Working Committee consisting of four employees' representatives and two management representatives.

In 2000 a total of 13 personnel representatives from seven countries and four management representatives participated in the EWC Meeting.

BOARD OF DIRECTORS



From the left: Timo Poranen, Juha Rantanen, Christoffer Taxell, Stig Stendahl, Björn Savén, Stig Gustavson.

Björn Savén, b.1950

Chairman of the Board
M.Sc. (Econ.), MBA, Dr.Econ. (h.c.)
Chief Executive, Industri Kapital
Member of the Boards of
Alfa-Laval, i-center AG,
Orkla ASA, Deutsch-Schwedische Handelskammer
Finsk-svenska Handelskammaren
Present term closes year 2002
Shareholding 30,100 beneficially via Industri Kapital

Timo Poranen, b.1943

M.Sc. (Eng.)
President, Finnish Forest Industries Federation
Member of the Supervisory Board of OKOBANK Osuuspankkien
Keskuspankki Oyj
Deputy member of the Boards Varma-Sampo Mutual Pension
Insurance Company,
Fingrid Oyj
Member of the boards of Industrial Insurance Company Ltd,
Helsinki University of Technology, The Finnish Section of the
International Chamber of Commerce
Member of the Council of The Finnish Swedish Chamber of Commerce
Present term closes year 2003
Shareholding 0

Juha Rantanen, b.1952

M.Sc. (Econ.), MBA
President & CEO, A. Ahlstrom Corporation
Chairman of the board of Forest Industries Federation
Member of the Boards of Paroc Group Oy Ab, AvestaPolarit Oyj,
Confederation of Finnish Industry and Employers
Member of the Supervisory Board of Varma-Sampo Mutual Pension
Insurance Company
Present term closes year 2002
Shareholding 100

Stig Stendahl, b.1939

M.Sc. (Chem. Eng.)
Member of the Board of Fiskars Corporation
Chairman of the Board of Stiftelsen för Åbo Akademi
Vice Chairman of the Board of Sanitec Corporation
Present term closes year 2002
Shareholding 200

Christoffer Taxell, b. 1948

LL.M., Doctor of Political Science (h.c.)
President & CEO, Partek Corporation
Member of the Boards of ABB Oy, Sampo-Leonia Insurance
Company Plc,
Stockmann Oyj Abp, Wärtsilä Corporation,
Present term closes year 2001
Shareholding 0

Stig Gustavson, b.1945

M.Sc. (Eng.), Dr.tech. (h.c.)
President & CEO, KCI Konecranes International Plc
Chairman of the Boards of Oyj Hackman Abp,
Federation of Finnish Metal, Engineering and Electrotechnical
Industries FIMET, Nordkemi Oy
Member of the Boards of Confederation of Finnish Industry and
Employers, Enskilda Securities AB,
Oy Helvar Merca Ab
Present term closes year 2003
Shareholding 420,875
Option to acquire 3000 shares

Lennart Simonsen, b.1960 (not in picture)

Secretary of the Board, not member of the Board
LL.M. Attorney, Managing Partner, Roschier-Holmberg & Waselius,
Attorneys at Law
Shareholding 0

Board Members (excl. Stig Gustavson) do not have bonds with warrants. Shareholdings as per 31.12.2000.

GROUP EXECUTIVES

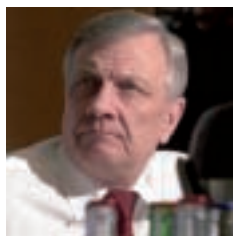
Business Executives



Stig Gustavson
President & CEO
M. Sc. (Eng.), Dr. Tech. (h.c.)
b. 1945
Employed 1982
Shares 420,875
Option to acquire
3,000 shares



Harry Ollila
Group Executive Vice
President,
President
Region Europe
M. Sc. (Eng.)
b. 1950
Employed 1991
Shares 36,500
Option to acquire
3,000 shares



Rainer Aalto
Group Executive Vice
President,
President
Region Asia-Pacific
B. Sc. (Econ.)
b. 1945
Employed 1998
Shares -
Option to acquire
9,400 shares



Charles E. Vanarsdall
Group Executive Vice
President,
President
Region Americas
MBA
b. 1937
Employed 1983
Shares 13,000
Option to acquire
3,000 shares



Tom Sothard
President,
Maintenance Services
B. Sc. (Mark.)
b. 1957
Employed 1983
Shares 500
Option to acquire
9,400 shares



Bill Maxwell
Vice President,
Maintenance Services,
Western Europe,
Managing Director,
Lloyds Konecranes Ltd
B.Sc.
b. 1949
Employed 1992
Shares -
Option to acquire
3,000 shares



Antti Vanhatalo
President,
Process Cranes;
Managing Director,
Konecranes Components
Corp.
M. Sc. (Eng.)
b. 1945
Employed 1969
Shares 1,000
Option to acquire
3,000 shares



Mikko Uhari
President,
Harbour and Shipyard
Cranes;
Managing Director,
Konecranes VLC Corp.
Lic. Sc. (Eng.)
b. 1957
Employed 1997
Shares -
Option to acquire
9,400 shares



Arto Juosila
President,
Stardard Lifting
Equipment;
Managing Director,
KCI Hoists Corp.
M. Sc. (Econ.)
b. 1955
Employed 1980
Shares 8,000
Option to acquire
3,000 shares

Holdings expressed as direct holdings as per 31 December, 2000.

Staff Directors



Markku Leinonen
Group Executive Vice
President,
M. Sc. (Eng.)
b. 1949
Employed 1981
Shares 17,000
Option to acquire 3,000
shares



Sirpa Poitsalo
Director, General Counsel
LL.M.
b. 1963
Employed 1988
Shares 100
Option to acquire 9,400
shares



Matti Ruotsala
Director,
Technology
M. Sc. (Eng.).
b. 1956
Employed 1982
Shares -
Option to acquire 9,400
shares



Katri Pietilä
Director, Administration
and Communications
M.Sc. (Econ.)
b. 1961
Employed 1995
Shares -
Option to acquire 4,400
shares



Teuvo Rintamäki
Chief Financial Officer
(CFO),
M. Sc. (Econ.)
b. 1955
Employed 1981
Shares 10,700
Option to acquire 3,000
shares

ADDRESSES

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P.O. Box 661 (Koneenkatu 8)
FIN-05801 Hyvinkää, Finland
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Stig Gustavson

Konecranes Finance Corporation
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Teuvo Rintamäki

Regional Headquarters

Region Europe

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Harry Ollila

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Charles E. Vanarsdall

Region Asia-Pacific

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Rainer Aalto

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KCI Special Cranes Corporation
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Konecranes Components Corporation
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Konecranes Nordic Corporation
P.O. Box 135 (Koneenkatu 8)
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Fax +358-20 427 4080

Konecranes VLC Corporation
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ANALYSTS

According to our information the analysts listed below follow KCI Konecranes.

Analysts do so on their own initiative. KCI Konecranes takes no responsibility for the opinions expressed by analysts.

Aktia Securities

Mr. Jan Lundberg
+358-10 247 6410
jan.lundberg@aktia.fi

Danske Securities

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D. Carnegie Ab, Finland Branch

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Mr. Tuomas Hirvonen
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Evli Securities Plc

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Warburg Dillon Read

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Crédit Agricole Indosuez

Cheuvreux
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Handelsbanken Markets

Mr. Kalle Uljas
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kalle.uljas@handelsbanken.fi

INFORMATION TO SHAREHOLDERS

Annual General Meeting

KCI Konecranes International Plc's Annual General Meeting will be held on 8 March, 2001 at 11.00 a.m. Finnish time at the company's headquarters, Koneenkatu 8, 05830 Hyvinkää, Finland. A press release on the decisions made at the AGM will be published upon conclusion of the meeting.

A shareholder who is registered in the shareholder register on 26 February, 2001, will have the right to participate in the AGM. According to the amended Finnish Company's Act a shareholder who has registered as nominee held may choose to register temporarily his holding in the shareholder register. By doing so he will acquire the right to vote his shares in the AGM. For the temporary registration please contact your custodian. Shareholders wishing to attend the AGM must notify the company no later than 5 March 2001 before 4.45 p.m. by Internet

www.kcigroup.com/agm2001/ or by mail to Ms. Maija Jokinen, KCI Konecranes International Plc, P.O. Box 661, FIN-05801 Hyvinkää, or by tel. +358-20-427 2001, or by fax +358-20-427 2099, or by e-mail: maija.jokinen@kcigroup.com. A model for a proxy is also available on the Internet.

Dividend

The Board of Directors proposes to the AGM that a dividend of EUR 0.71 per share will be paid for the fiscal year 2000. The dividend will be paid to persons, who are entered as shareholders in the share register on the record date March 13, 2001. Dividend payment day is March 20, 2001.

Interim Reports 2001

January-March 3 May

January-June 9 August

January-September 1 November

The reports will be published at 10.00 a.m. Finnish time and are available immediately at www.kcigroup.com. Also, an **international teleconference** will be arranged on each day of publication at 4.00 p.m. Finnish time. The dial-in no. is +44-20 8781 0598. Please call in at 3.50 p.m. The graphics of the presentations will be attached to the corresponding report on the Internet. A replay of each teleconference will be available for the next 48 hours at +44-208-288 4459, code: 600652 (3 May)/ 600662 (9 Aug)/ 600667

(1 Nov). An audio recording of the President and CEO's presentation at the AGM and in each teleconference will be made available on the Internet shortly after the meeting or conference.

Financial Reports

All financial reports are published on the Group's investor website: www.kcigroup.com. The annual report and the interim reports are published in English, Finnish and Swedish. The annual report is also available in German. The annual report will be distributed to all shareholders. For a printed copy of interim reports please contact Group Communications, tel. +358-20 427 2016, fax +358-20 427 2103 or e-mail: liisa.siren@kcigroup.com.

Change of Address

Shareholders are kindly requested to notify any changes of address to the book-entry register maintaining their book entry account.



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