

11 June 2019, Helsinki

Cargotec Service Day

Today's agenda and speakers

8:30 Breakfast available

9:00 Welcome and opening, Hanna-Maria Heikkinen, VP Investor Relations, Cargotec

9:05 Thomas Malmborg, SVP Services, Kalmar

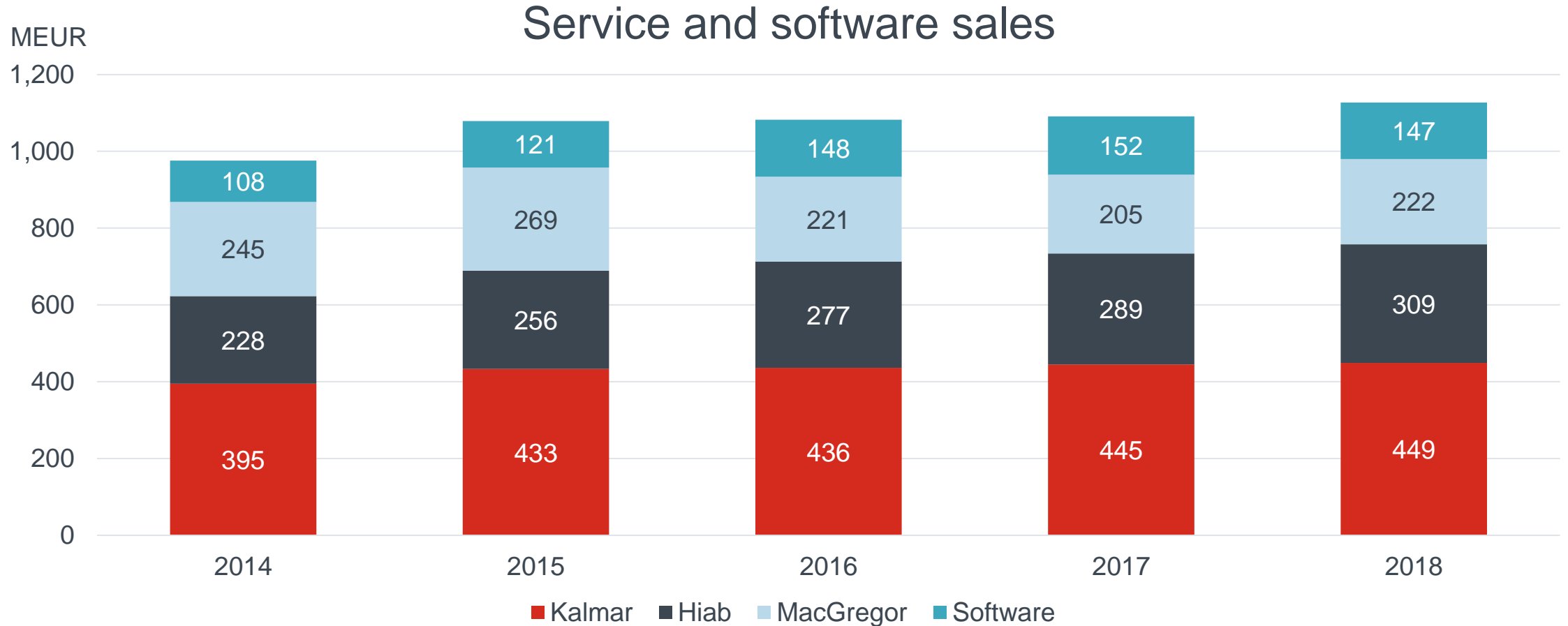
9:35 Anna Almlöf, SVP Services, Hiab

10.05 John Carnall, SVP Services, MacGregor

Q&A

11.00 End of event

Target to reach EUR 1.5bn in software and service sales in 2-4 years



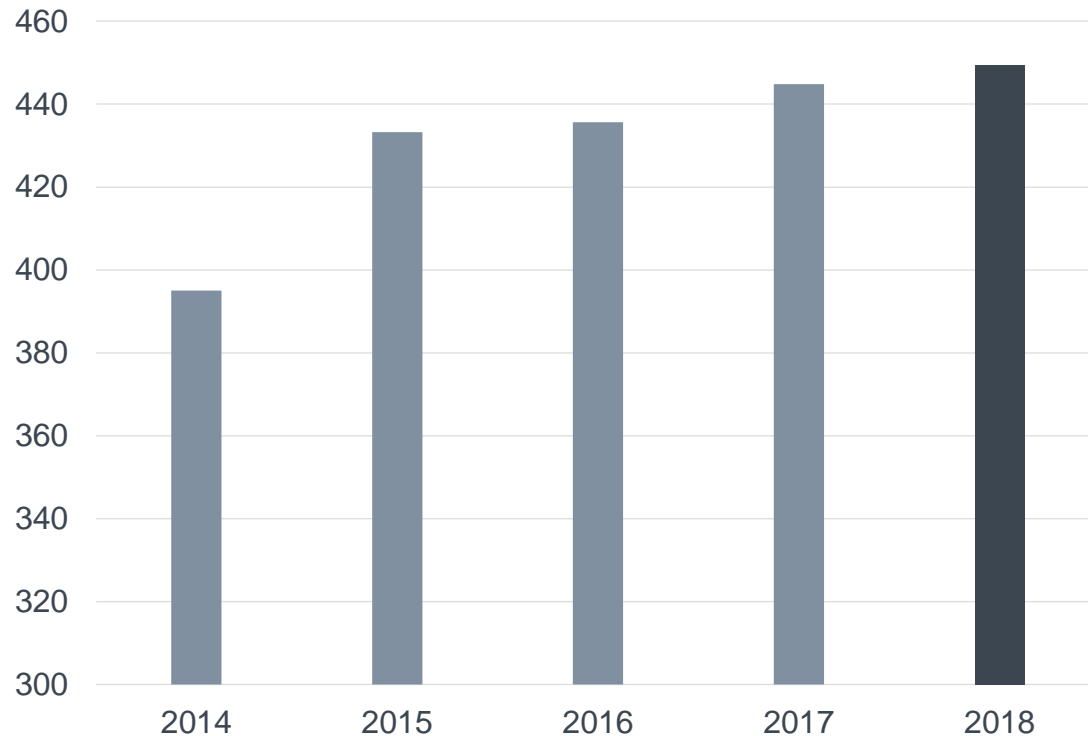
Excellent growth opportunity in Kalmar services

Thomas Malmborg, Senior Vice
President, Kalmar Services



Kalmar service business has grown since 2013

Service sales development 2014-2018, MEUR



Main contributions to growth:

- 2014-15 growth especially spare parts in the US for both TT's and CCHs.
- 2018 growth was strong in all market areas
- Q1 growth 5% (in comparable FX and adjusted for divestments)
- Kalmar sold RTC and Bulk in 2018 why the growth seems more modest. Core services grew 9.3% excluding the sold businesses

**Mix has developed stable over the years.
Spares have slightly increased at the
expense of others.**

Good progress on promises given in CMD 2017

CMD 2017 PROMISES Expanded offering portfolio and new digital services

Over 50% of maintenance business is under contracts

Service contract attachment rate over 10%

40% of Parts sales through e-commerce

Guaranteed 24hrs availability of contracted parts

March 2019 Where are we now?

Target: Over 50% of maintenance business is under contracts
Status: YTD 46%

Target: Service contract attachment rate over 10%
Status: R3M 5%

Target: 40% of Parts sales through e-commerce
Status: Q1/2019 30,1%

Target: Guaranteed 24hrs availability of contracted parts
Status: In place for Parts Care contracts

A global reach with personnel in 30 countries and sales and service in more than 100 countries.

People

5,700

Service staff

1,500

Presence

100+
countries

US footprint

62
dealers in
224 locations

Kalmar service market provides excellent growth opportunity

Market potential

8B€

Our market share

3-5%

Installed base

65,000
machines

Spare parts capture rate

30%

2,700
machines under
service contracts

8,500
connected machines

Strategy to grow service business

Where to grow:

Take the full benefit of our installed base

- spare parts & maintenance

Performance and availability services especially in Europe

Utilising our competitive advantages:

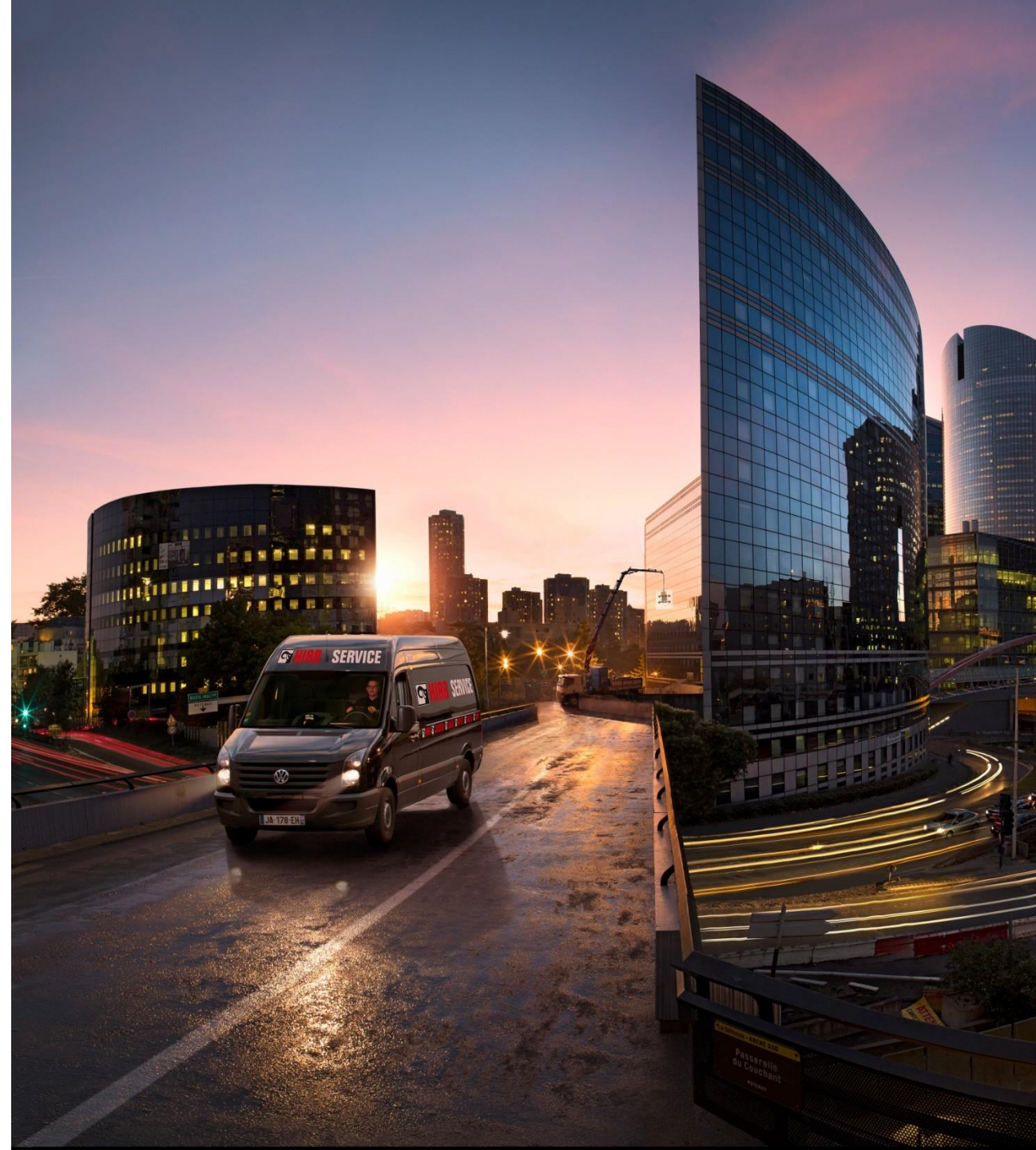
- 1) Best understanding of our own installed base and offering (critical business mass);
- 2) Sales and service network (footprint and know-how);
- 3) Synergy with new equipment sales
- 4) Ability to take responsibility the complete part of customer's non core operations.
- 5) Equipment connectivity

Target stage:

We are service driven company, where we co-create with our customers and partners to deliver unique value and take responsibility of customer operations through performance based services

Growing Hiab business through service excellence

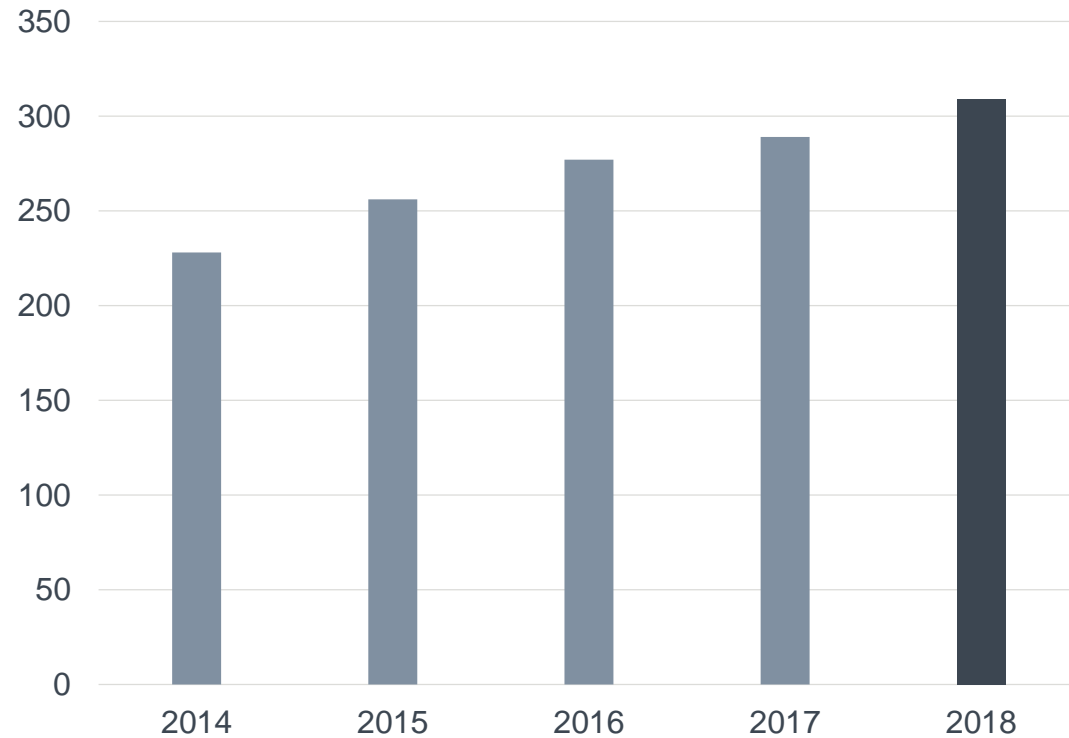
Anna Almlöf, Senior Vice President,
Hiab Services



Service excellence enabler for sales increase

- Maintenance important driver for spare parts sales

Service sales development
2014-2018, MEUR



Financial highlights

Increased service revenue from 2014 by 36%, representing 8% CAGR

2019 Q1 growth +11% YoY

Highest growth in countries with newly opened workshops (UK, Germany & US)

High growth in maintenance where 50% is coming from spare parts

Services delivering on all promises to accelerate growth

CMD 2017 promises

COMMERCIAL

Expand the service portfolio

Globalise the spare parts Webshop

OPERATIONAL

Service sales competence development

Deploy connected solutions

Strengthen route-to-market and service network

Implement a Service Operating Model and Service Management System

2019 status

- Hiab ProCare Total Repair & Maintenance offering launched in 5 markets and as global concept in 2018
 - More than 4000 service contracts sold, excluding 5000 agreed maintenance plans
-

- Sales of spare parts increased, more than 50% of sales coming from Hiab Webshop serving over 50 countries. Public Webshop to be launched in US in June.
 - High spare parts availability +98% for stocked and +95% for all
-

Online training for ProCare deployed globally and sales training target full sales force together with local ProCare launches. A global parts and service sales community created.

First equipment connected in 2016 and connectivity as standard feature from factory, H2 2019. HiConnect as the first Connected Service has been launched and commercialised.

15 new Hiab services workshops added in 2018 to increase customer service and capture higher service potential. 28 workshops and 200 technicians in US.

Maturity model rolled out in 20 workshops. Lean ways of working including 5S introduced to ensure consistent high global service standards. Field service management tool introduced. External utilisation increased.

Services growth through customer satisfaction

Hiab committed to investing in service capabilities to put the customer first

SERVICE NETWORK

Americas

32 Workshops
132 Service vans
255 Technicians
534 Service partners

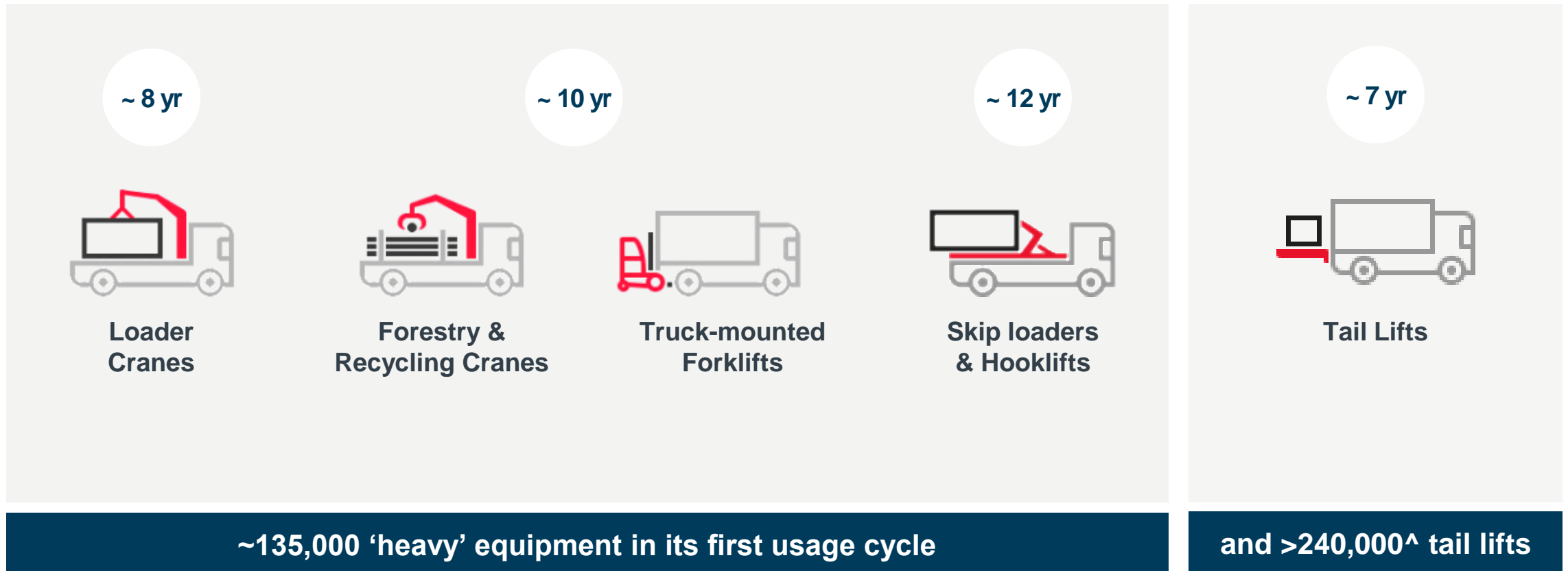
EMEA

24 Workshops
53 Service vans
238 Technicians
1,529 Service partners

APAC

7 Workshops
9 Service vans
47 Technicians
177 Service partners

Installed base* is a major opportunity to improve the customer experience throughout the whole lifecycle



Calculated based on Hiab internal data
*) without Effer, Argos, Sinotruk-Hiab ^Europe & US

Strategy for growth

New digital solutions, M&A and service excellence

Digital solutions

- Create higher customer value through connectivity and increasing equipment uptime.
- Spare parts e-commerce platform delivering to > 50 countries. Public Webshop to be launched in US.

M&A

- Effer – increased install base. Now part of UK and Germany's service network
 - New workshops enable greater control over service provided. Opened 15 new in 2018.

Service excellence

- Hiab Service Operating Model
 - Further investment in tools and competence
 - Increased service contract sales

Summary

- Strong potential and commitment to service growth
- New solutions will create new recurring revenue
- Service excellence drives equipment sales leading to increased service potential

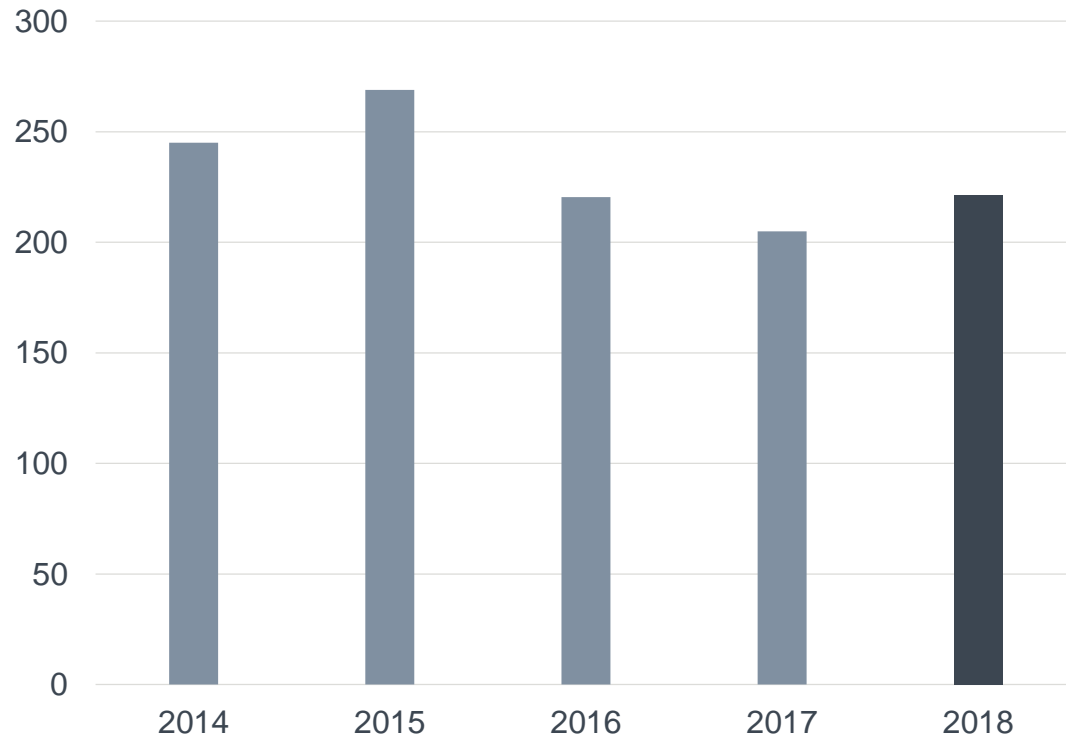
Good development in service agreements in MacGregor

John Carnall - Senior Vice President,
MacGregor Services



Merchant service business remained stable – Key financials

Service sales development
2014-2018, MEUR



In 2015 the split between Merchant spares and maintenance and Offshore parts and maintenance was 70/30



At the end of 2018 the split was 83/17

Merchant business has stayed stable while offshore has declined by 55%

Actions and results since CMD 2017

Next steps commitment from CMD 2017

Move more customers into service contracts

Design to service to enhance spare parts sales

Improve response times and delivery performance through single location in Poland

Launch environmentally friendly solutions

Digital services e.g. drone service

Actions and achievements

Attachment rate (AR) – Around 2,500 vessels under a service agreement, AR1 framework, AR2 inspection, AR3 parts & maintenance

Field Service Tool – Roll out of the FST allowing service engineers to access service records and new build information for all product lines and in 2019 connection directly to the CRM used by new build, 25% of service engineers are now using tool

Global Product Support Centres (GPSC) in Poland and Singapore – All transactional activities (quotations, order handling, purchasing, logistics, invoicing) handled under one roof. Reduced annual running costs by 50%, improved inquiry processing efficiency by 70%, also extends our open for business hours and covers holiday periods.

We have launched our bio oils for ship hydraulics (50,000 liters sold) and our soft flaps for Roro vessels to reduce port noise (17 sets sold).

We work closely with our Digital and New Business Transformation group. Pilots for drone inspections have been performed, and we have developed our connectivity gateway which is now being installed in all new products.

Target to develop differentiated offering


Current

- Global Lifecycle Support organisation is structured to be customer facing
- 4 pillar organisation – Technical, Sales, Operations, Supply chain
- 30 countries/51 branches, 800 employees including RAPP Marine, ~ 550 direct employees
- Dedicated service sales organisation along with product management/portfolio
- Global Product Support Centre (GPSC) Poland current staffing 105 people; GPSC APAC 20 people

Target

- 3 regional global hubs, which will include technical support and projects sales/management
- Focused spare parts distribution centres – critical components for fleet types by region
- E-commerce for all consumable spare parts
- Differentiated offering
 - Just buy parts
 - On-line support
 - Realtime support

MacGregor has strong market position in services globally

Market size <i>Expressed in monetary terms & pcs, sold p.a. for all makes</i>	Service business on all installed equipment			Trend
	Tot. market size, €M	1,200*		
*) The reachable market balances between scrapped vessels and new vessels in the installed base				
Competitive landscape <i>Company data on annual level</i>	Competitors	Name	Mkt position	Mkt share % (sales)**
	Own business	MacGregor	1	16%
	Main competitor	TTS	2	4%
	OEM aftermarket	E.g. Rolls-Royce, Macor, Huisman, SMST, Liebherr, Trelleborg, etc.	3	~10-20%**
	Component OEM	E.g. Bosch-Rexroth, Parker, Zollern, Dana, etc.	4	~20-30%**
	Other	Multiples (consumable sales)	5	~30-50%**
Route to market & Key purchasing criteria	Share of sales goes to %	Our business	Industry norm**	Key Purchasing Criteria 1. Availability 2. Response time 3. Price
	End customer via own sales unit	80%	40%	
	Dealers via own sales unit	0%	0%	
	External partners (dealers, agents)	10%	50%	
	Other (traders, shipyards, etc.)	10%	20%	
Competitive advantages	Competitive advantages			
	Global footprint Technical knowledge			

**) MacGregor estimates

Strategy to grow service business

Focused project organisation
– sales, coordination and
purchasing

Focused cruise business
organisation based in Miami

Integration of M&A service
reducing cost extending footprint

Digital solutions – OnWatch
Scout, How to APP, Field service
tool

Bring our competence closer to
our customers and utilise our
global footprint.

Continue working with new
build organisation to utilize
resources and bring design
to service

Summary of the key messages

We are delivering on the CMD 2017 promises

On track and committed to reach the EUR 1.5bn target for service and software sales

Strong growth in all business areas

- MacGregor offshore weak due to difficult market environment

Strong market positions and large installed base in all business areas provide excellent platform for future growth



