

Cargotec Capital Markets Day

2014



18 November
2014



**The profit improvement is sustainable
and there is more to come**

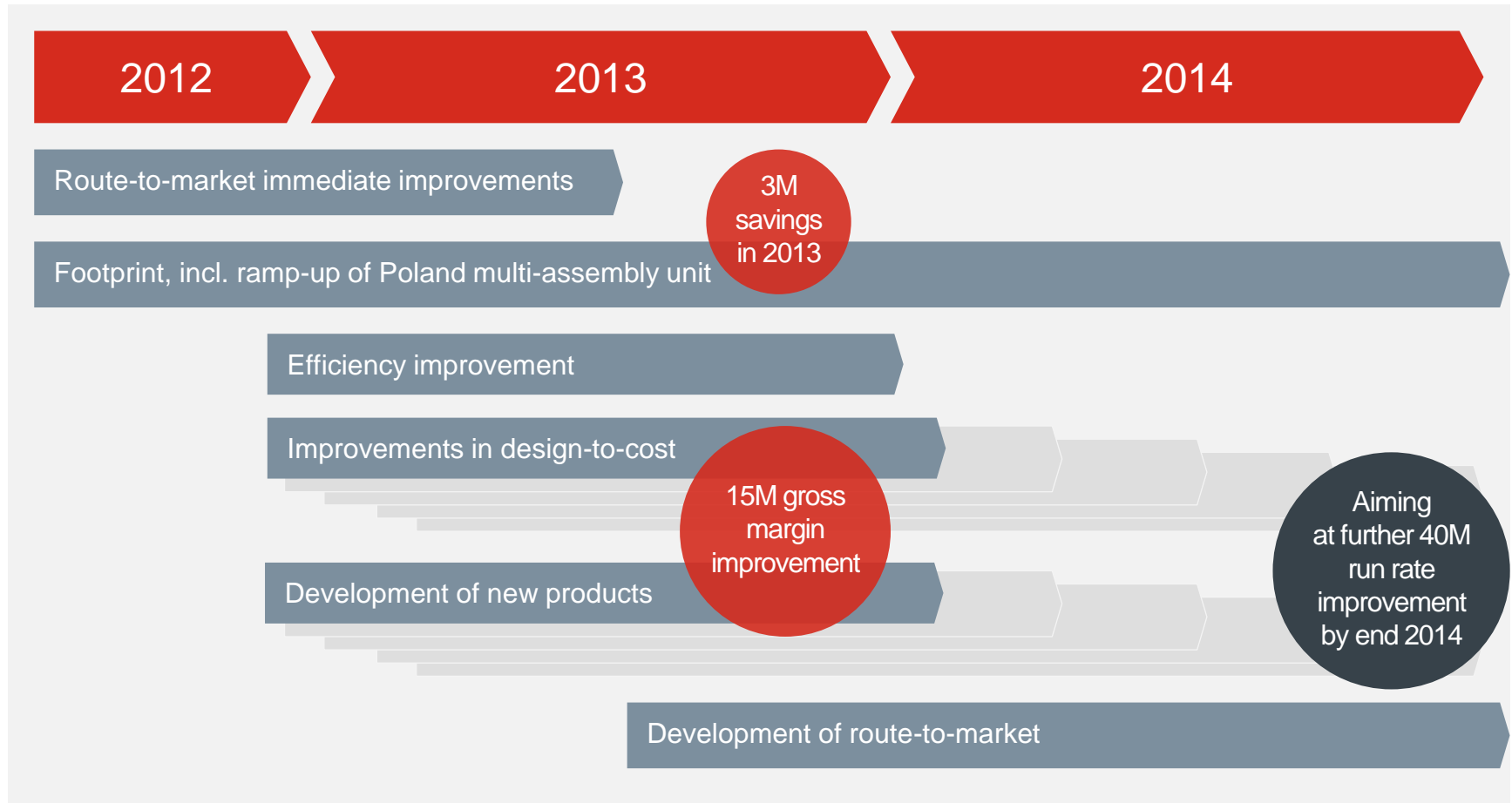
Roland Sundén
President, Hiab

My observations on Hiab

- Structurally attractive business
- Extremely strong brands
- Engaged and highly motivated people
- Route-to-market transformation on-going
- Complexity reduction needed
- Further potential to drive profitability



We have made great progress during 2014 – implementation is ahead of plan



Route-to-market achievements

- Simplified organisation – less layers & lower cost
- Built key expertise around sales, services and dealer management
- New dealer operating standards
- Outsourced and divested dealerships and service workshops



Achievements in gross margin and overheads improvements

- The aim was to achieve a run-rate improvement of EUR 40 million by the end of 2014. Hiab is well on track in delivering on this promise and is proceeding ahead of schedule
- Design-to-cost process contributes to gross margin for all products
- Continuous work to consolidate our supplier base to low cost countries
- Price realisation & discount management



Footprint development on-going

- European parts distribution consolidated to Metz, France
- Ramp-up of production in Stargard, Poland - The most modern factory for load handling equipment in the world
- Ramp-down of production in Hudiksvall, Sweden



New technology and product offering to unlock further improvement potential

Hiab sets a new industry standard for paint quality

nDURANCE™

years ahead for paint quality and protection

- Leading technology within automotive industry
- All deliveries from Stargard benefit from this eco-friendly paint process
- Safeguards a long and cost-effective ownership



New Stiff boom cranes launched supporting the Sinotruk-Hiab joint venture

- Developed based on the needs for Chinese customers
- Sold through both Hiab and joint venture sales network



Two new loader cranes for emerging markets

- Specifically designed to suite the booming construction industries and increasing needs for distribution of commercial goods
- Enable us to reach new customer segments in emerging markets



We have launched our biggest crane ever, with an integrated sub-frame



The world's first electric truck mounted forklift

- Ultra-quiet operation and zero emissions
- Operate in built-up residential zones, both indoor and outdoor
- Reduce running costs by 70% compared diesel-powered



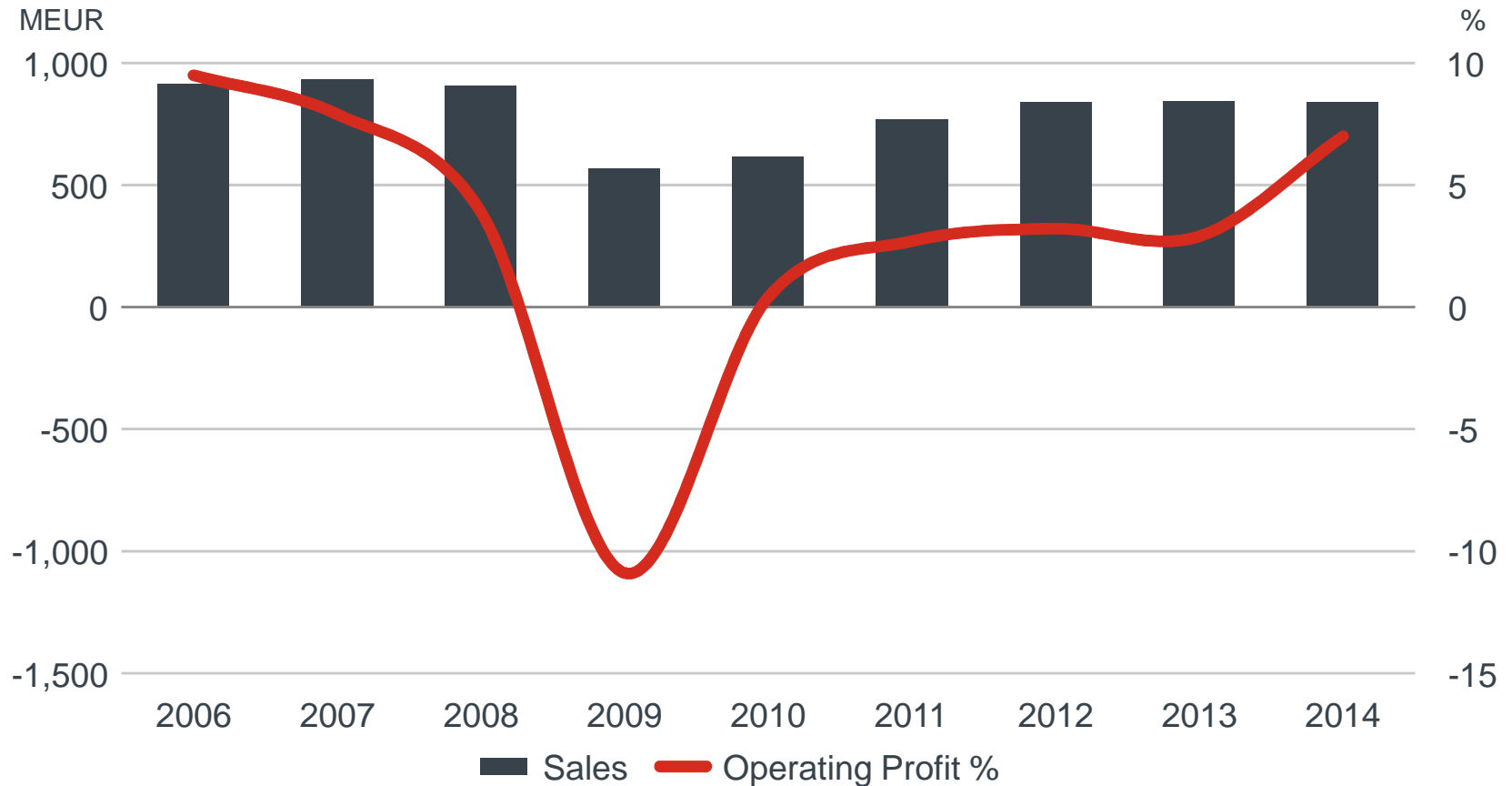
The tail lift brand ZEPRO introduces two new products

- A unique slider concept with flexible installation system for trucks
- A standard cantilever product for rapid clamp on installation to semi-trailer frames



**More to come in 2015
and beyond**

We started our turnaround in May 2013!



Note:

1. Operating profit % excluding restructuring cost
2. 2014 estimated based on Q1-Q3 run rate

Building a sustainably profitable and growing business

“Turnaround” 2013–2014

- Closing the cost gap
- Building the foundation
- Demonstrating clear profitability improvement

“Preparation for growth” 2015–2016

- Cost leadership
- Operational excellence
- Investment to product portfolio, processes & systems
- Targeting 10% operating profit margin in 2016

“Profitable growth” 2017–

- Leverage cost leadership & operational excellence to drive growth
- Targeted emerging market expansion
- Regain leadership in cranes
- Targeting 10% operating profit margin over a business cycle

Three must win battles to reach our targets

1. Outperform competition in sales & services execution

- Dealer management
- Sales funnel management
- Parts availability

2. Develop customer driven, simplified and competitive product offering

- Customer insight
- Product portfolio upgrading
- Modularisation

3. Reduce value chain complexity, cost and cash conversion cycle

- Stargard up to full-scale
- Optimise the distribution network
- Working capital management



Long term margin development requires us to invest...

- **Product development**
 - Upgrading product portfolio
 - Modular management
 - Connectivity
- **Processes**
 - Customer insight
 - Product portfolio management
 - Dealer management
- **Systems**
 - Sales tools
 - Reporting/transparency
 - Back-bone



Conclusions



Result is improving
– it is sustainable



We are executing
– high clock speed



We drive
performance – 10%
operating profit
margin in 2016

