

An aerial, high-angle photograph of a busy port terminal. The image shows a dense arrangement of white and grey cargo containers stacked in rows. Several large gantry cranes are visible, extending over the container stacks. The background shows a hazy cityscape under a bright sky. The overall image has a semi-transparent, light grey overlay.

Cargotec Capital Markets Day

Driving profitable growth through intelligent cargo handling
London, 30 November 2015

2015

Agenda

12.30	Driving profitable growth through intelligent cargo handling, Mika Vehviläinen, President and CEO	
13.00	Building value over the business cycle, Roland Sundén, President, Hiab	
13.30	Focus on profitable growth, Olli Isotalo, President, Kalmar	
14.00	Break	
14.30	Improving profitability and preparing for longer term growth, Michel van Roozendaal, President, MacGregor	
15.00	Improving shareholder return at Cargotec, Eeva Sipilä, CFO	
15.20	CEO's wrap-up, Mika Vehviläinen	
15.30	Break	
15.45	Breakout 1	
16.10	Breakout 2	
16.35	Breakout 3	
17.00	Drinks with management	

Speakers



**Mika
Vehviläinen**

President and CEO



**Roland
Sundén**

President, Hiab



**Olli
Isotalo**

President, Kalmar



**Michel
van Roozendaal**

President, MacGregor



**Eeva
Sipilä**

CFO

Other Cargotec participants

Christian Bjorne	Vice President, Services, Hiab
John Carnall	Senior Vice President, GLS Division, MacGregor
Craig Jessup	Senior Vice President, Kalmar Services
Andrew Barrons	Senior Vice President, Marketing, Kalmar Navis
Mikko Pelkonen	Executive Vice President, HR
Leena Lie	Senior Vice President, Communications
Paula Liimatta	Director, Investor Relations
Tiina Aaltonen	Executive Assistant to CFO and Investor Relations
Mika Seppä	Project Director, Automation & Projects, Kalmar (LGW visit)

Disclaimer

These presentations contain forward looking statements which involve risks and uncertainty factors. These statements are not based on historical facts but relate to the company's future activities and performance. They include statements about future strategies and anticipated benefits of these strategies.

These statements are subject to risks and uncertainties. Actual results may differ substantially from those stated in any forward looking statement. This is due to a number of factors, including the possibility that Cargotec may decide not to implement these strategies and the possibility that the anticipated benefits of implemented strategies are not achieved. Cargotec assumes no obligation to update or revise any information included in this presentation.

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Driving profitable growth through intelligent cargo handling

Mika Vehviläinen, President and CEO

From turnaround to leader in intelligent cargo handling with sector leading profitability

Turnaround is delivering results in Hiab and Kalmar; MacGregor has improvement plan in place

Transformation has started from equipment business to world class services offering and leadership in intelligent cargo handling

Investing to ensure a leading position

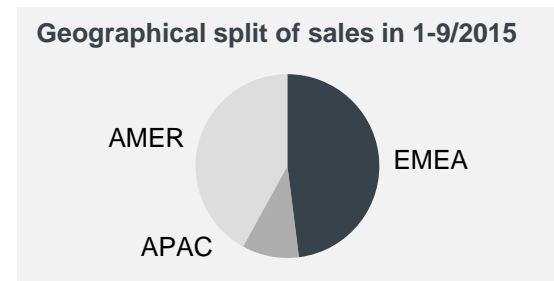
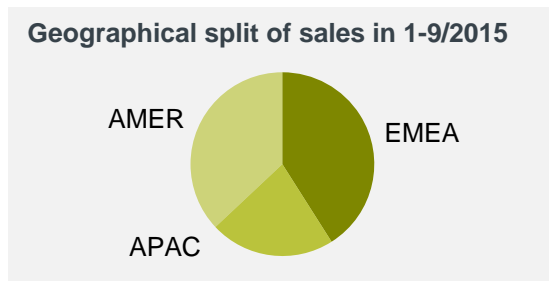
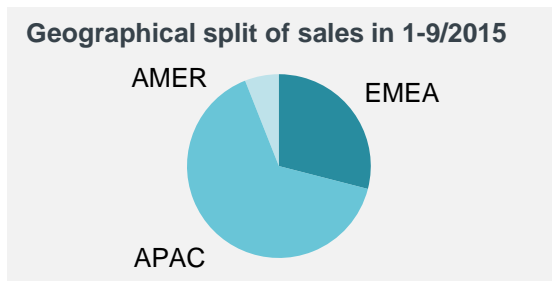
Shaping the portfolio to increase shareholder value



→ 10%

operating profit margin
(EBIT) in each business
area over the cycle

Today's leader in cargo handling equipment



Figures: 1-9/2015
EBIT % excluding restructuring costs

Good improvements in operating performance

Main leadership changes completed

Profitability improved in Hiab and Kalmar, MacGregor has improvement plans in place

Strong execution capabilities to drive strategy

Improved control and visibility on businesses

- investments in the control environment and business platforms 70% ready

EUR 190 million investments in R&D since 2013





Building on our strengths

#1 global market leader
in core segments

Growth businesses supported
by megatrends

Category defining brands

Industry leading innovations

Investing in our transformation to be the leader in intelligent cargo handling

2013

PRODUCT LEADERSHIP

Good equipment company

Product R&D drives offering development

2018

SERVICES LEADERSHIP

World-class service offering

Connected equipment and data analytics building value on data

Significant software business



2020

LEADER IN INTELLIGENT CARGO HANDLING

40% of the sales from services and software

More efficient and optimised cargo handling solutions



Must-win battles to support transformation



Build world-class
services offering



Lead
digitalisation



Build world-class
leadership

Cargotec has strong base for value creation across its three business areas

Combining agility and focus with the scale and capabilities of a larger group

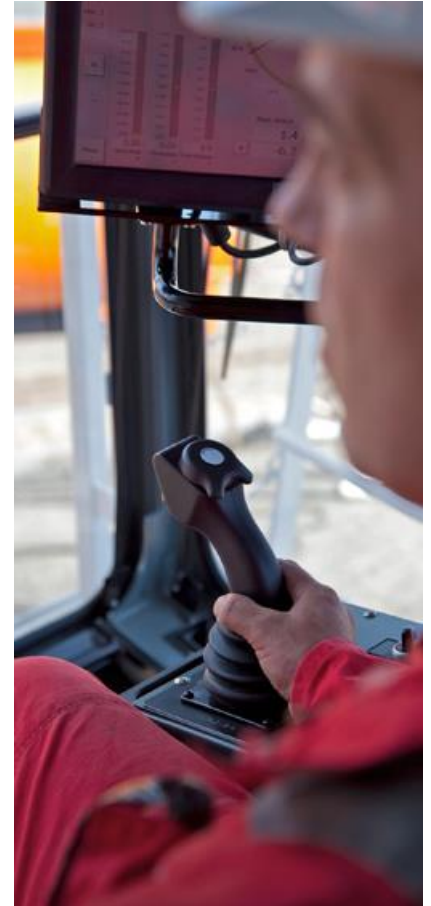
Driving world class practises and capabilities in services, digitalisation and leadership development

Shaping the underlying portfolio based on business attractiveness, market structure and strategic direction

- Investing more in high growth and/or high return businesses
- Filling gaps in technology and geographical footprint
- Disposing non-strategic/low performing businesses

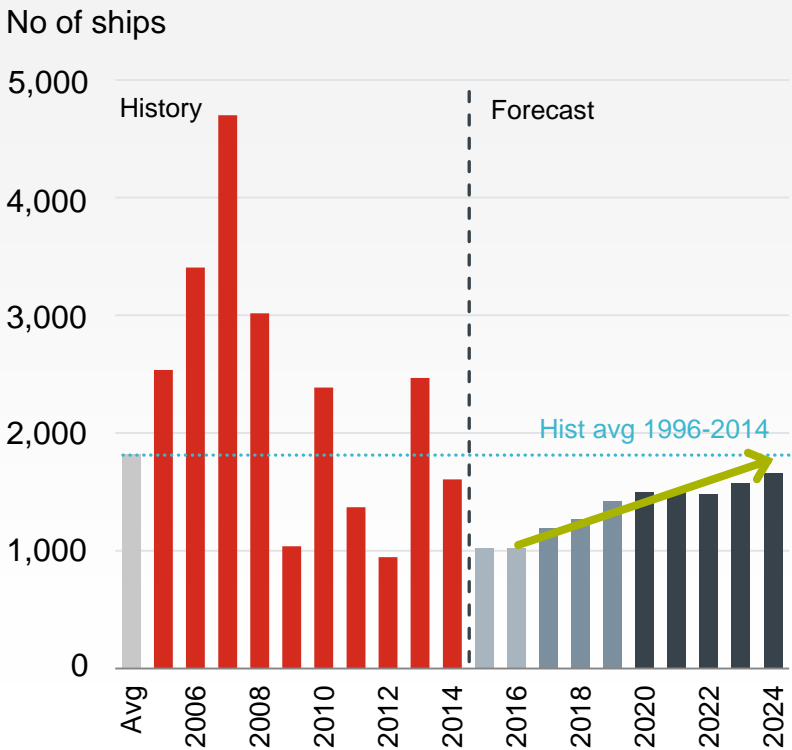
Right base to drive shareholder value of the company, 15% return on capital employed* over the cycle

* ROCE pre-tax

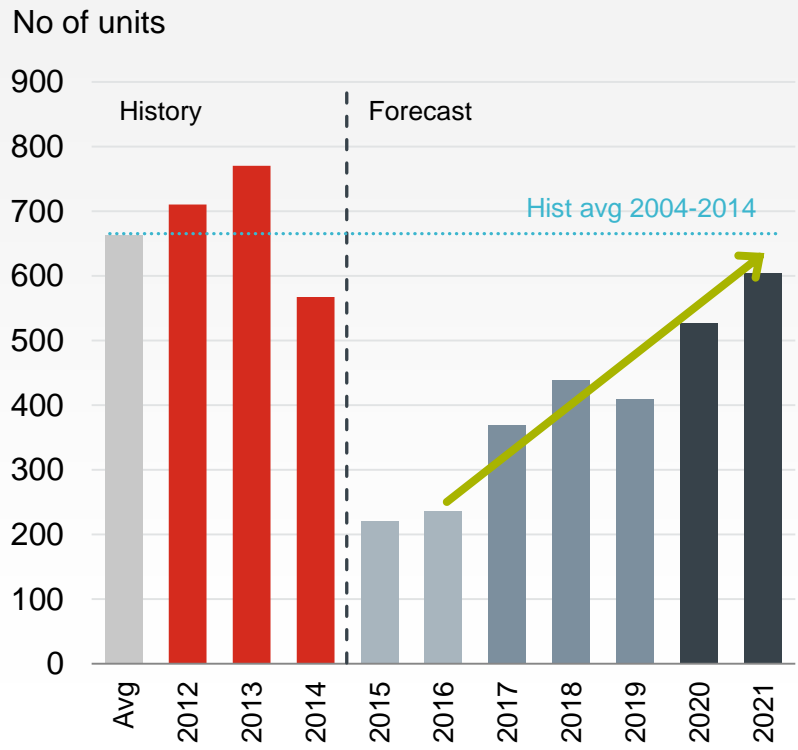


Outlook in merchant shipping and offshore turning back to growth

Long-term contracting 2005–2024
Merchant ships > 2,000 gt

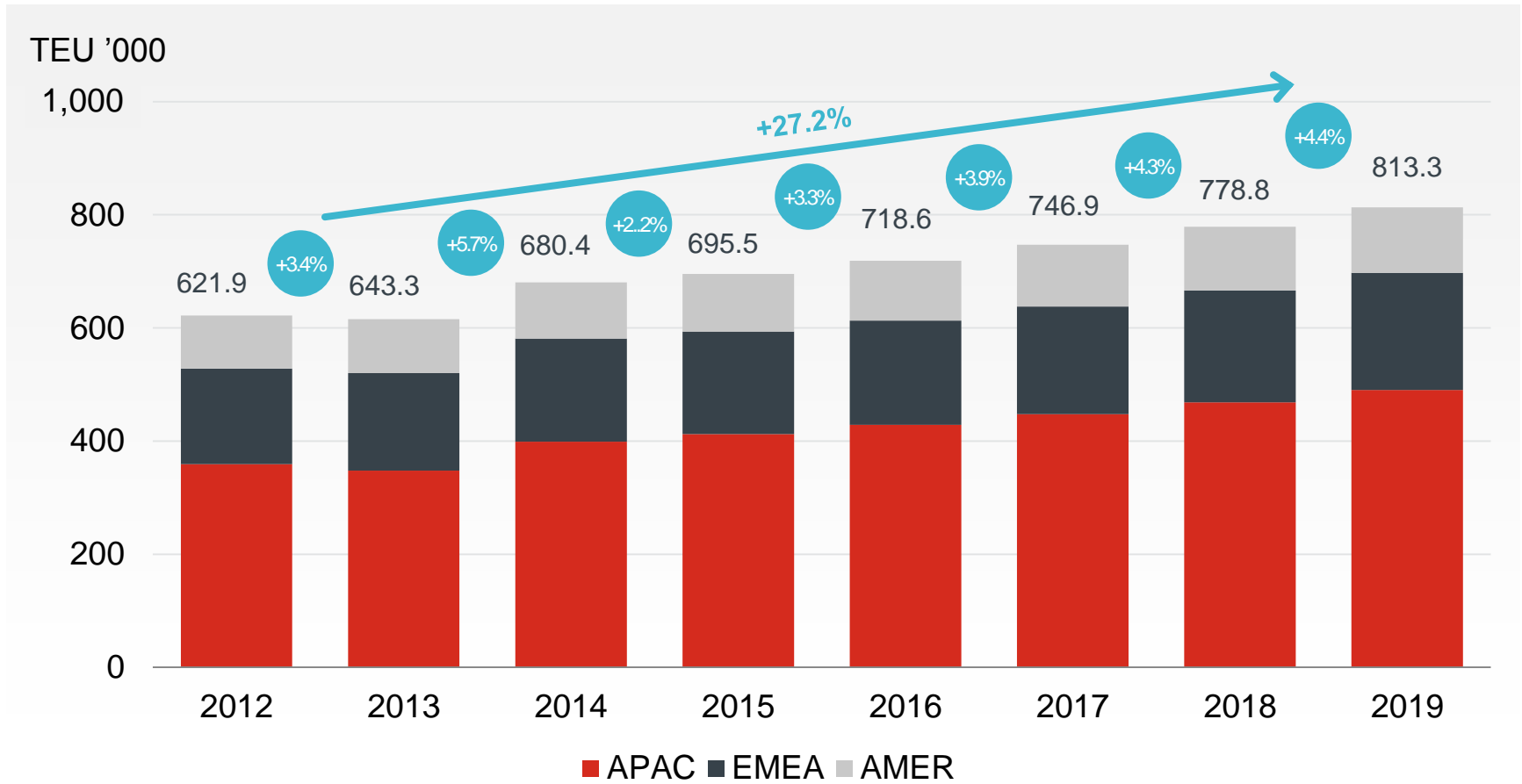


Long-term contracting 2012–2021
Mobile offshore units



Sources: UNCTAD, Clarkson Research

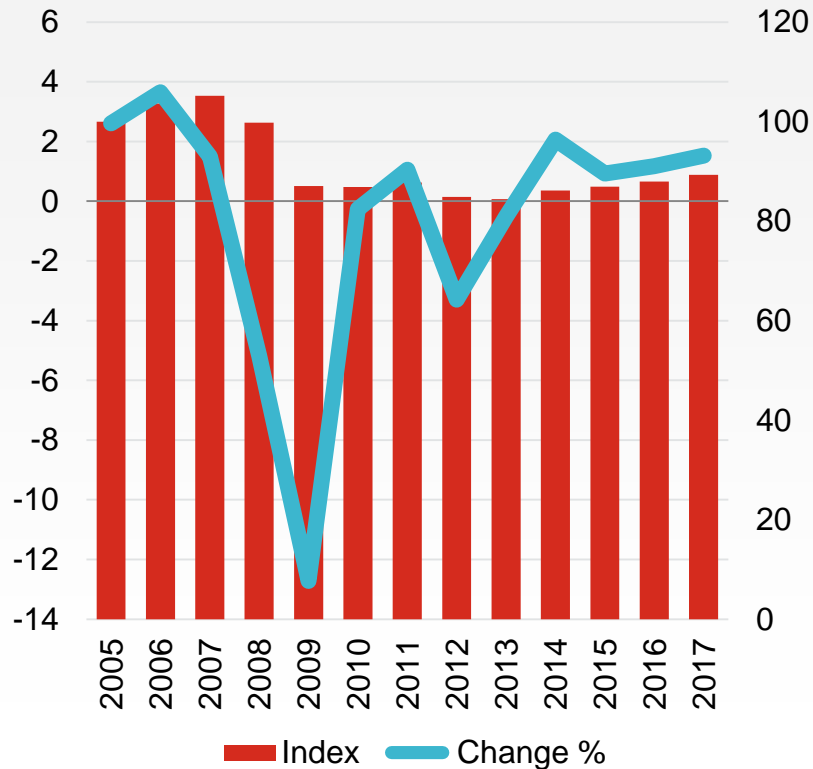
Container throughput forecasted to grow year on year



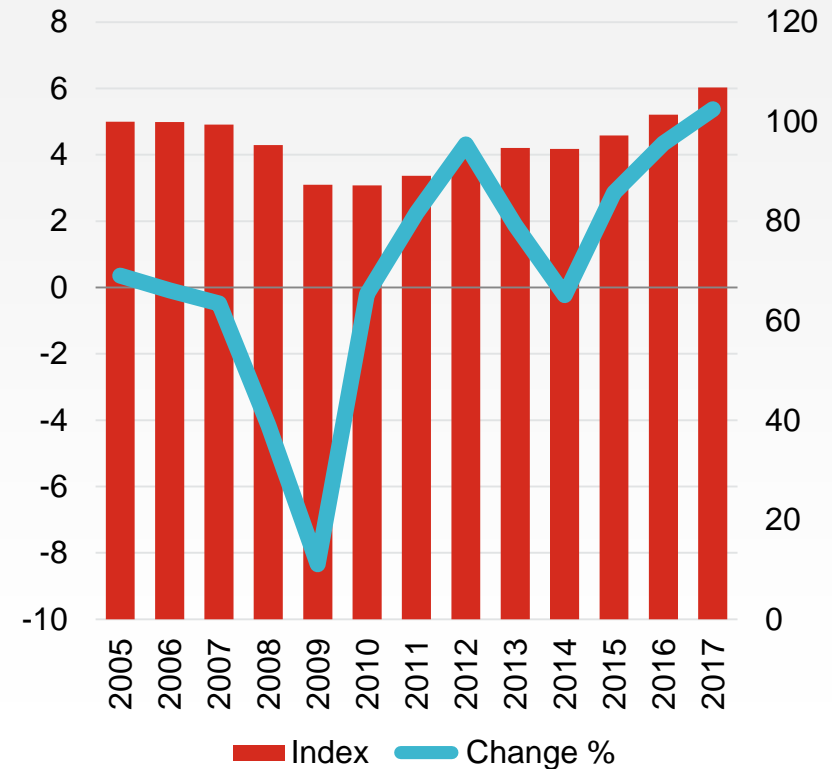
Source: Drewry: Global Container Terminal Operators Annual Report 2015

Construction output driving growth opportunity

EMEA construction output y/y change (%)



AMER construction output y/y change (%)



Source: Oxford Economics: Industry output forecast 9/2015

Committed to improve shareholder return

Business
area
targets

Operating profit margin (EBIT)
in each business area over the cycle

10%

Growth
Faster than
market growth



Group
targets

Gearing

<50%


Return on capital
employed over the
cycle (ROCE pre-tax)

15%

Dividend

30-50%

of earnings
per share



Well positioned to become the leader in intelligent cargo handling

Execution capabilities in place and
profitability improving

Building on tremendous strengths

Transforming from equipment company
to a company that will shape the cargo
handling industry

Investing to ensure a leading position

Shaping our portfolio to drive growth and
shareholder value

Questions?

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A man in a red jacket is working on a Hiab crane. The crane is black and has the Hiab logo and the number 071 on it. The man is looking down at the crane's engine area, which is open. The background is a cloudy sky.

Building value over the business cycle

Roland Sundén
President, Hiab

Building value over the business cycle



We have built a firm foundation for future growth








We are investing to shape the industry



We create value over the business cycle

Hiab has strong positions in attractive markets

	Market size (€B)	Growth	Hiab position & trend
 Loader cranes	1.3	GDP →	#2 →
 Tail lifts	0.5	GDP+ ↗	#1 ↗
 Demountables	0.4	GDP →	#1 →
 Truck-mounted forklifts	0.2	GDP+ ↗	#1 ↗
 Forestry cranes	0.2	GDP →	#2 →

We have delivered on our promises...

Good progress on priorities

Outperform competition in sales & services execution

- ✓ Sales funnel management
- ✓ Parts availability
- ✓ Dealer management

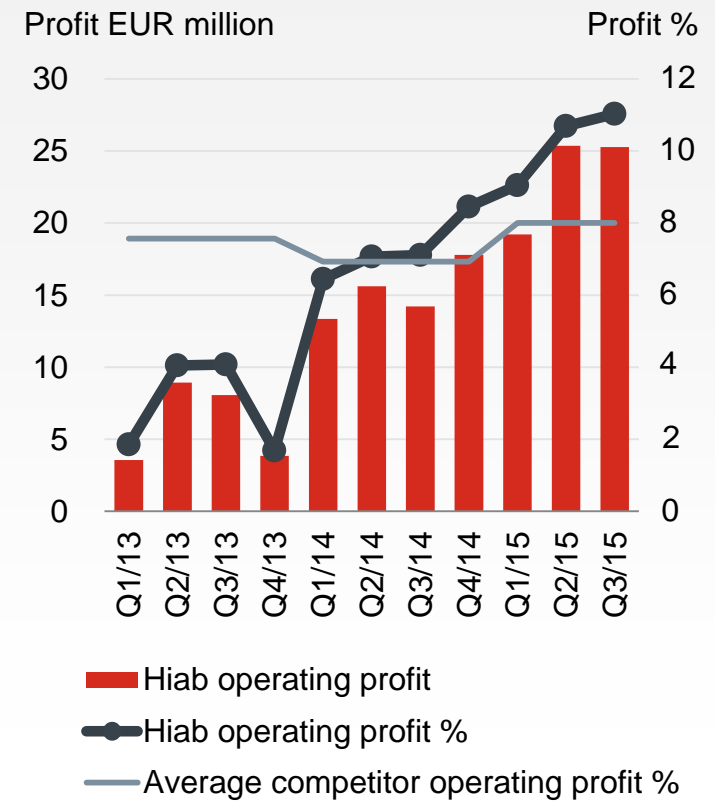
Develop customer driven, simplified and competitive product offering

- ✓ Product portfolio upgrading
- ✓ Customer insight
- ✓ Modularisation

Reduce value chain complexity, cost and cash conversion cycle

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

Delivered on 10% target



...and booked a series of successes...



Strengthen our North America No.1 position including a renewed leadership team

Record level in new product launches. Over 45 launches in past 3 years and more to come....

Strong growth in key accounts world wide with over 2,700+ units ordered last year

Best in class service & spare parts performance with over 97.9% availability
Increased capture rate in 8 top European markets

Accelerated the Sinotruk/Hiab JV market penetration efforts

...and we continue to push technology boundaries



HIAB Big 5 strengthens our position in heavy cranes segment



HIAB VSL PLUS a revolutionary new crane stability system



MOFFETT electric drive, after the success of our full electric unit, developing a 3 wheel drive for rough terrain applications

Our key growth drivers are...



Cranes

Gain market share in **big loader cranes** and crane **core markets**



Tail lifts

Enter fast growing **emerging markets** and standardise and globalise **business model**



Truck-mounted forklifts

Accelerate **penetration** in North America and Europe



Services

Increase **spare parts capture rates** driven by connectivity and e-commerce

...and investments for profitable growth

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E2E value chain – optimise our distribution network and supply chain

Product innovation – strengthening our market positions

Digitalisation – all new products connected by 2018

Services – further expand our offering



→ 10%

operating profit margin
(EBIT) over the cycle

Building value over the business cycle

Conclusions



We have built a firm foundation – great cash generation for profitable growth



We are investing to shape the industry – E2E value chain, innovation, digitalisation and services



We create value over the business cycle – 10% operating profit margin (EBIT)

Questions?

2015

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Focus on profitable growth

Olli Isotalo, President, Kalmar



Focus on profitable growth

- Win in automation
- Grow in software
- Sustain global leadership in mobile equipment
- Digital services and spare parts excellence



Strong position in attractive segments

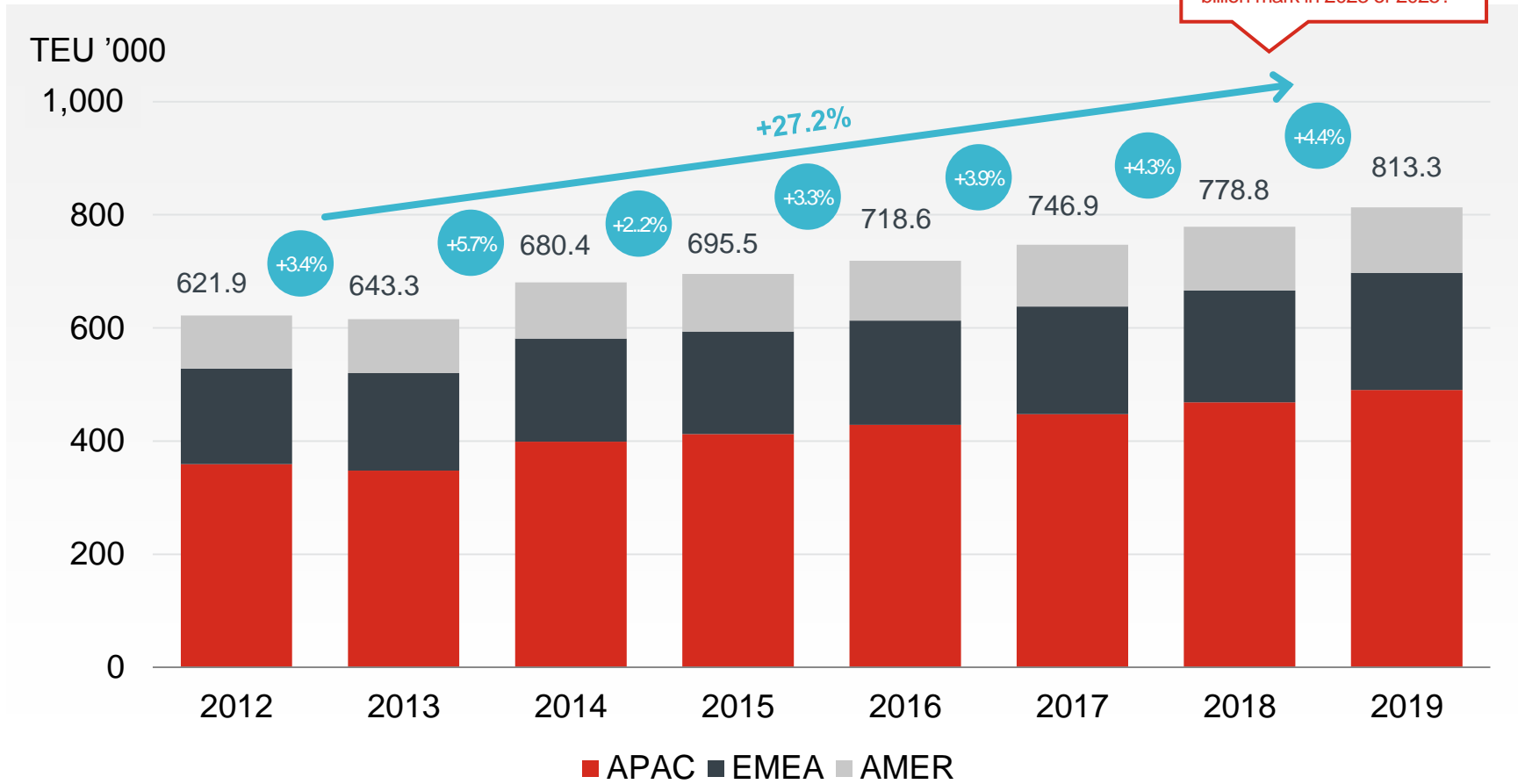
Over 80% of Kalmar business is in ports and terminals

	Market position	Trend	Market size
 <p>Automation & Projects</p>	#1-2	→	EUR 7.5 billion
 <p>Mobile equipment</p>	#1	→	
 <p>Bromma</p>	#1	↗	
 <p>Navis</p>	#1	↗	
 <p>Services</p>	#1	↗	EUR 7.6 billion

Global container throughput continues to grow

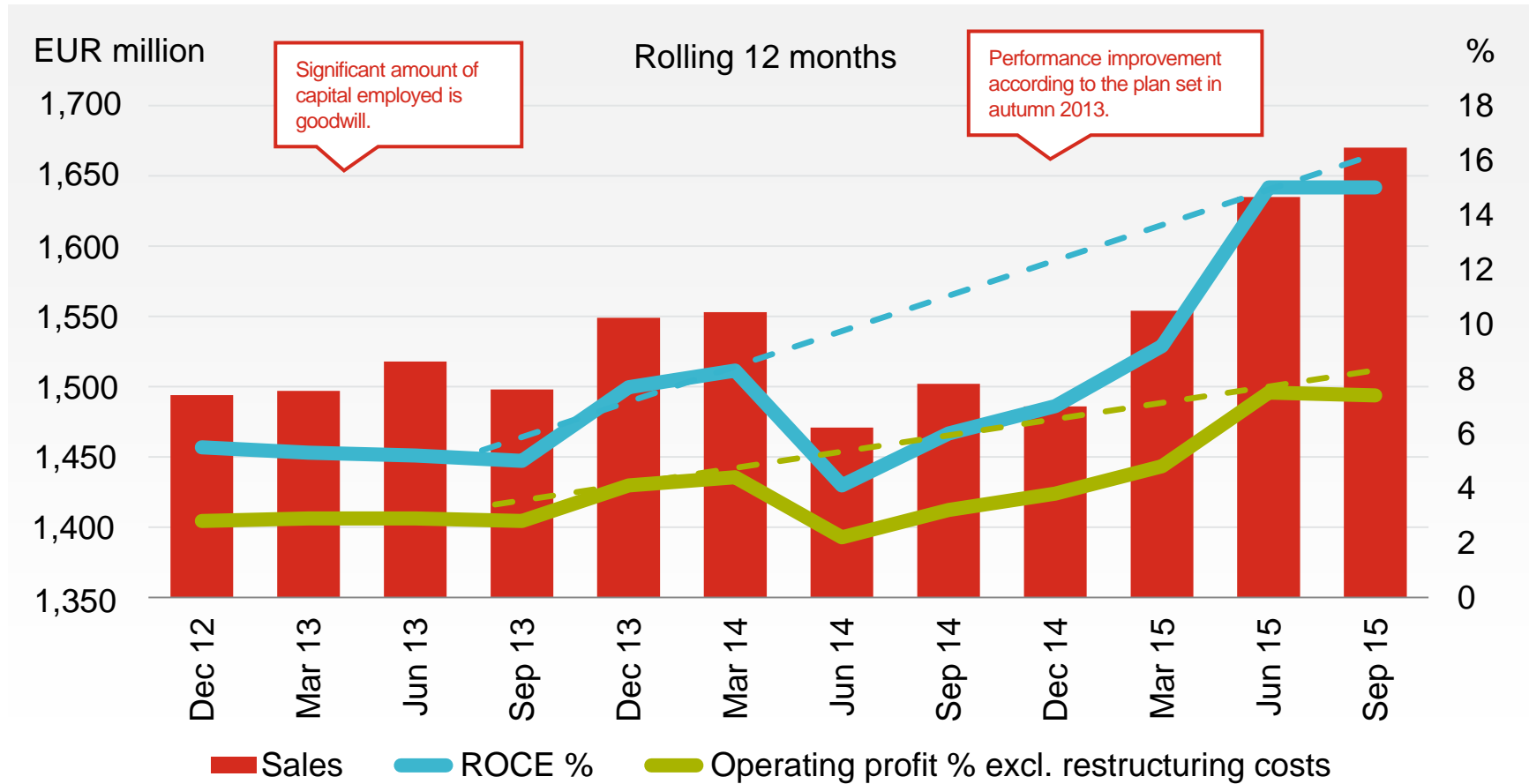
Additional investment due to larger vessels, Panama Canal expansion and automation

Half billion TEU reached in 2010. Volumes hitting the 1 billion mark in 2023 or 2025?

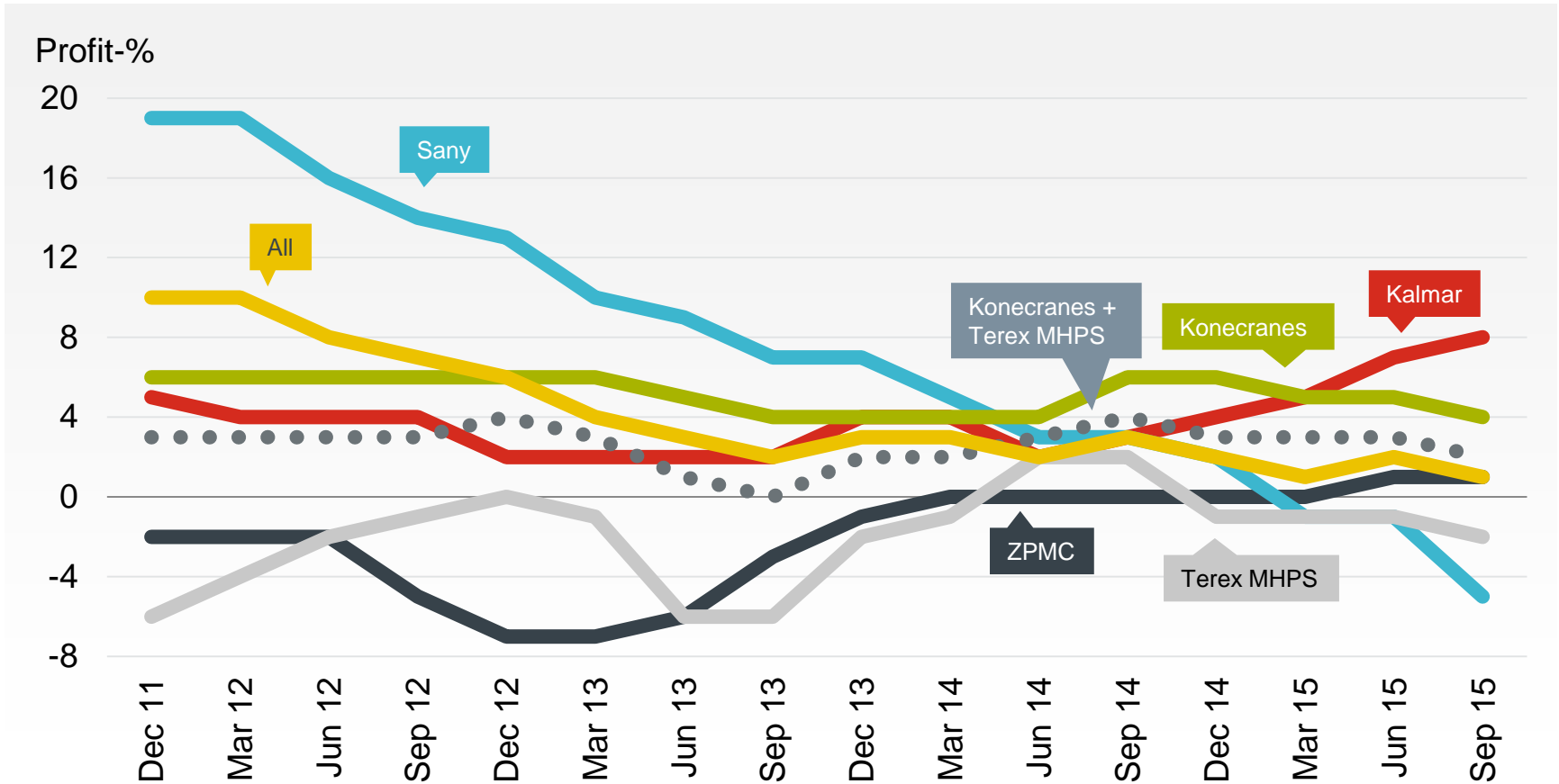


Source: Drewry: Global Container Terminal Operators Annual Report 2015

A solid basis for focusing on growth



Kalmar is outperforming the competition



Industry trends support growth in port automation

- Ships are becoming bigger and the peak loads have become an issue
- Optimum efficiency, space utilisation and reduction of costs are increasingly important
- Safety in the terminal yard has become even more of a focus for operators
- Importance of sustainable operations is growing
- Shortage and cost of trained and skilled labour pushes terminals to automation



Great business case for port automation

Cost saving example in a typical automated terminal

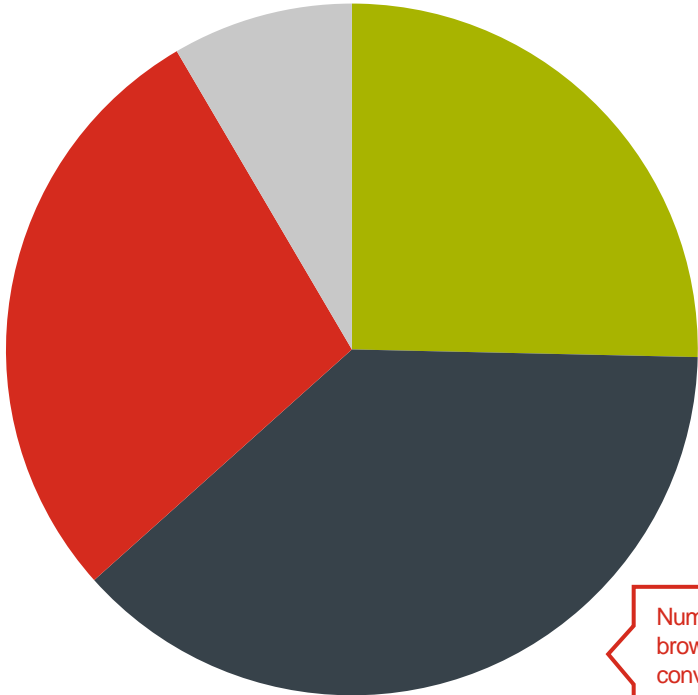
Indexed P&L manual terminal*

When converted into an automated operation:

Revenue	100			
Labour costs	40	>>	60% less labour costs	16
Maintenance	8	>>	20% less maintenance	6.5
Power & fuel	4	>>	25% less power & fuel	3
IT	2	>>	50% higher IT	3
Depreciation	10	>>	30% higher depreciation	13
Other costs (land, overhead)	18	>>	Assuming same overheads	18
Total costs	82	>>	27% less costs	59.5
Profit	18	>>	125% profit increase	40.5

*) Typical manual operation in Europe

Over 70 automation projects on radar screen by 2020

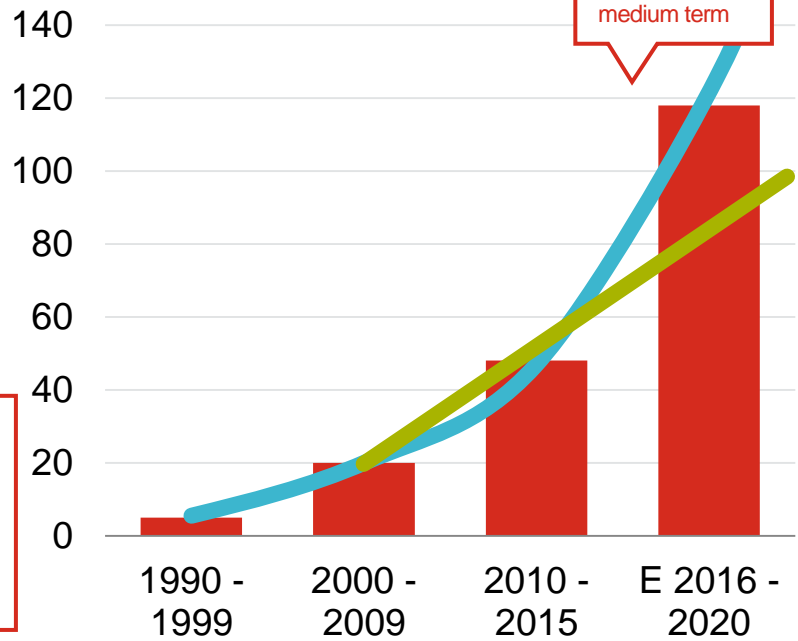


■ Greenfields
 ■ Brownfields
■ Extensions
 ■ Not known

Number of brownfield conversions expected to grow faster than completely new terminals

Exponential growth would more than double the number of automated terminals by 2020

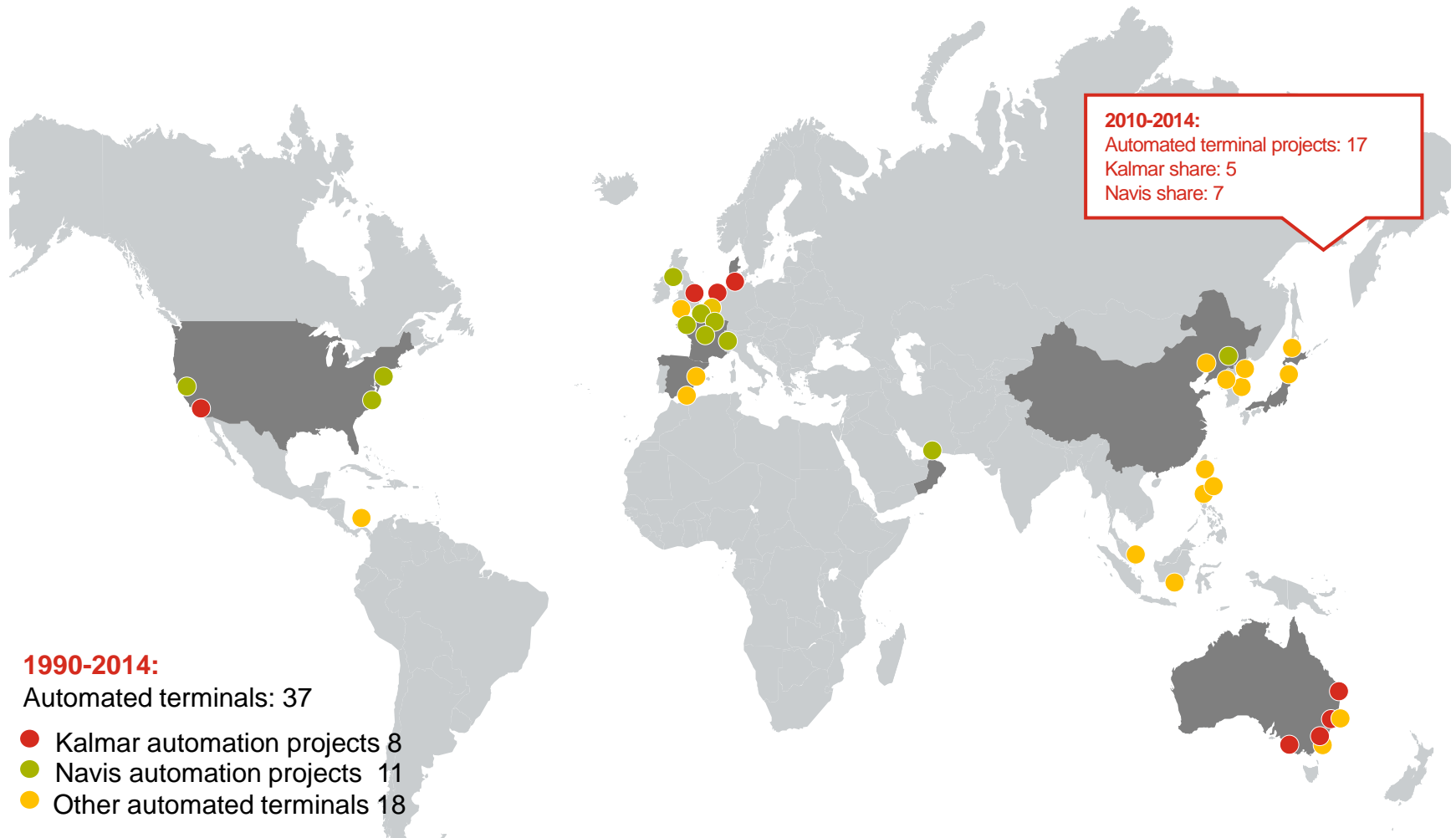
Numbers of terminals




EUR 5 billion market potential in medium term

Source: Kalmar Business Intelligence

Kalmar and Navis are leaders in port automation



Note: Automated terminal = unmanned yard operations at minimum



Software offers significant growth opportunities

- The container value chain is woefully inefficient, with total value at stake estimated at approx. EUR 17 billion
- The container shipping industry has an annual IT spend of approx. EUR 6 billion where EUR 1.7 billion is spent on software solutions. The market is expected to grow to EUR 2.8 billion by 2020
- Potential to leverage Navis as a platform to increase offering to existing terminal customers as well as to shipping lines

Source: Kalmar Business Intelligence

Sustain global leadership in mobile equipment

- Further profitability improvement is expected from mobile equipment
- Value chain excellence
 - 3% annual cost reduction track record to be continued
 - Expected productivity leap in Poland after production transfers done in the past
- Competitive offering based on customer value
- Distribution network development
 - 25 new dealers and agents appointed in more than 100 locations in Greater China since 2012

Market share in reachstackers 40% and terminal tractors 49%.
Konecranes and Terex merger will not change the picture



Digital services - instant insight for immediate business impact

KALMAR

4.14.6 / 2014-04-22

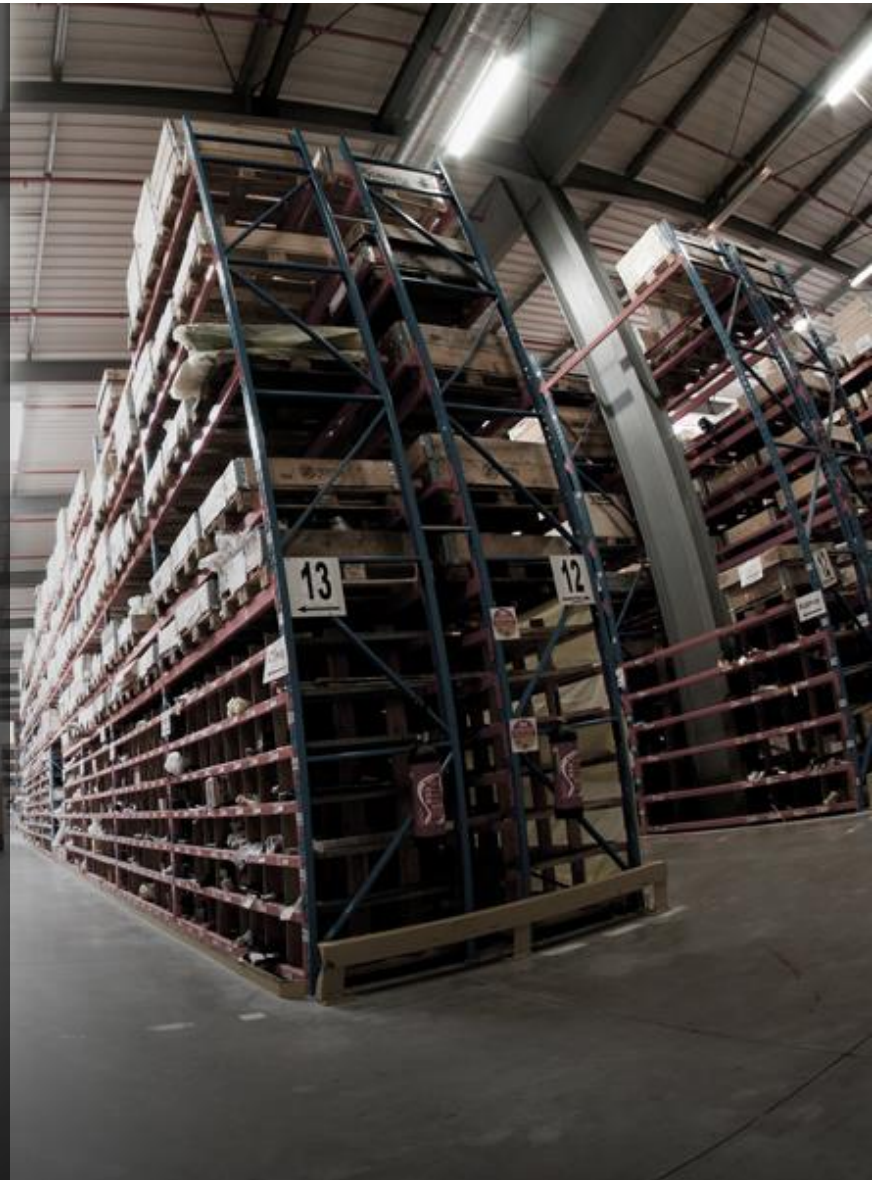
Map size
Karta Satellit

Target is to have all our machines connected by 2018

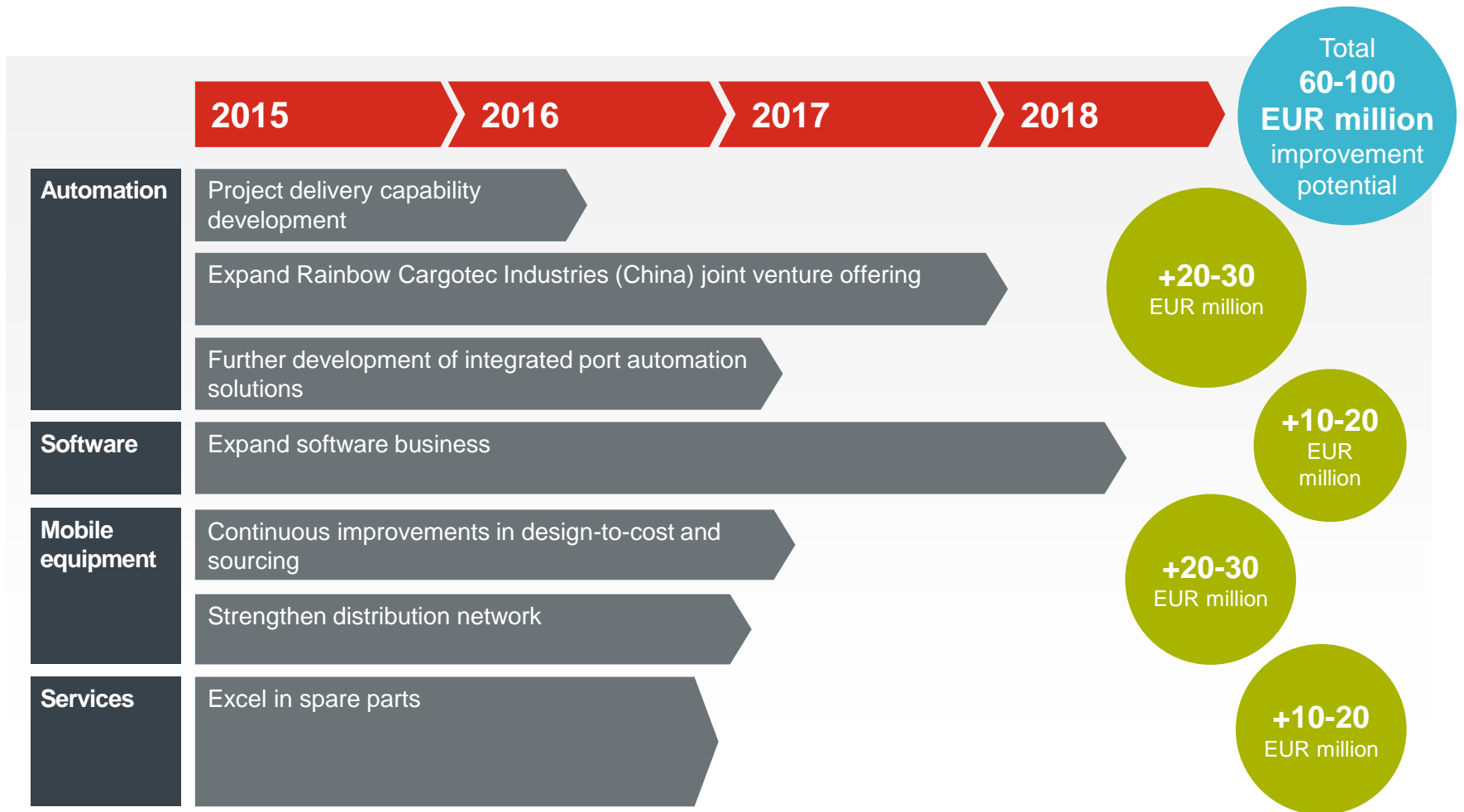
AdBlue used	Bottom lifts / other lifts	Driving / Idle time	Total weight	Number of chocks
Vehicle	Organization	Status	Vehicle views	
Fuel used	Total distance	Last update	CO ₂ emissions	% of time in different load spectrums
DRG450, A11400010	Forward / Reverse distance	0 min	Average / Maximum speed	Number of loads in different load spectrums
Container moves (20 ft/30-35ft/40ft/total)		1 min	Idle occurrences	
DRG450, A11400012		19 min		
DRG450, A11400013				

Excel in spare parts

- Global inventory planning for improved availability, reduced inventory and obsolescence in place
- New distribution centers in APAC and AMER
- Common systems:
 - SAP and Servigistics implemented
 - Next generation e-commerce platform under development
- Price adjustments based on market expectations: 30 000 OEM spare part items re-priced this year



Profit improvement potential 2016-2018



Focus on profitable growth

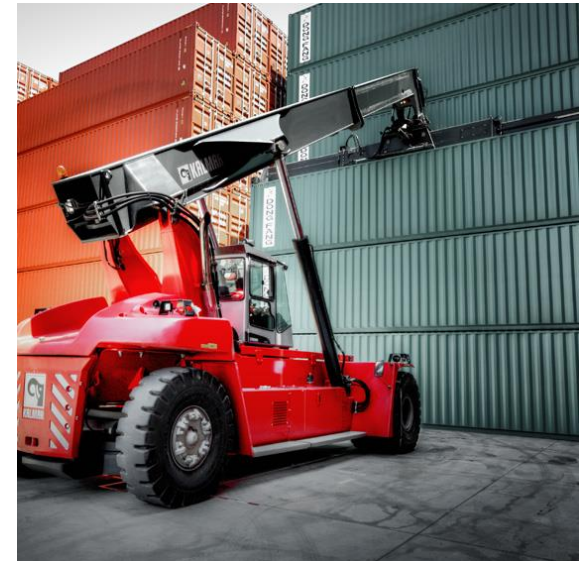
Solid foundation for further improvement

Win in automation

Grow in software

Sustain global leadership in mobile equipment

Digital services and spare parts excellence



→ **10%**

operating profit margin
(EBIT) over the cycle

Questions?

2015

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Improving profitability and preparing for longer term growth

Michel van Roozendaal, President, MacGregor

We are improving profitability

- Reducing our cost base
- Improving our discipline in project execution and our product cost
- Enhancing our focus on services
- Leveraging on the MacGregor asset-light business model



Strong positions in both the marine and offshore market

Marine

#1



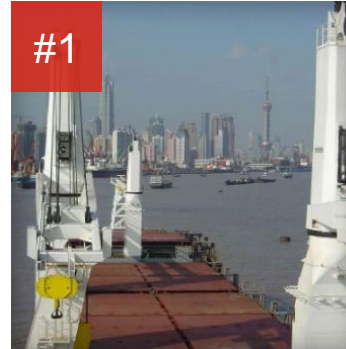
Container lashing

#1-2



Hatch covers

#1



Cranes and selfunloaders

#1



RoRo

Offshore

#1



Offshore advanced load handling

#2



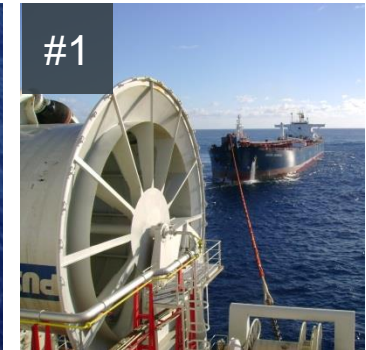
Offshore winches

#1



Mooring systems

#1



Loading and offloading systems

RoRo=roll-on/roll-off

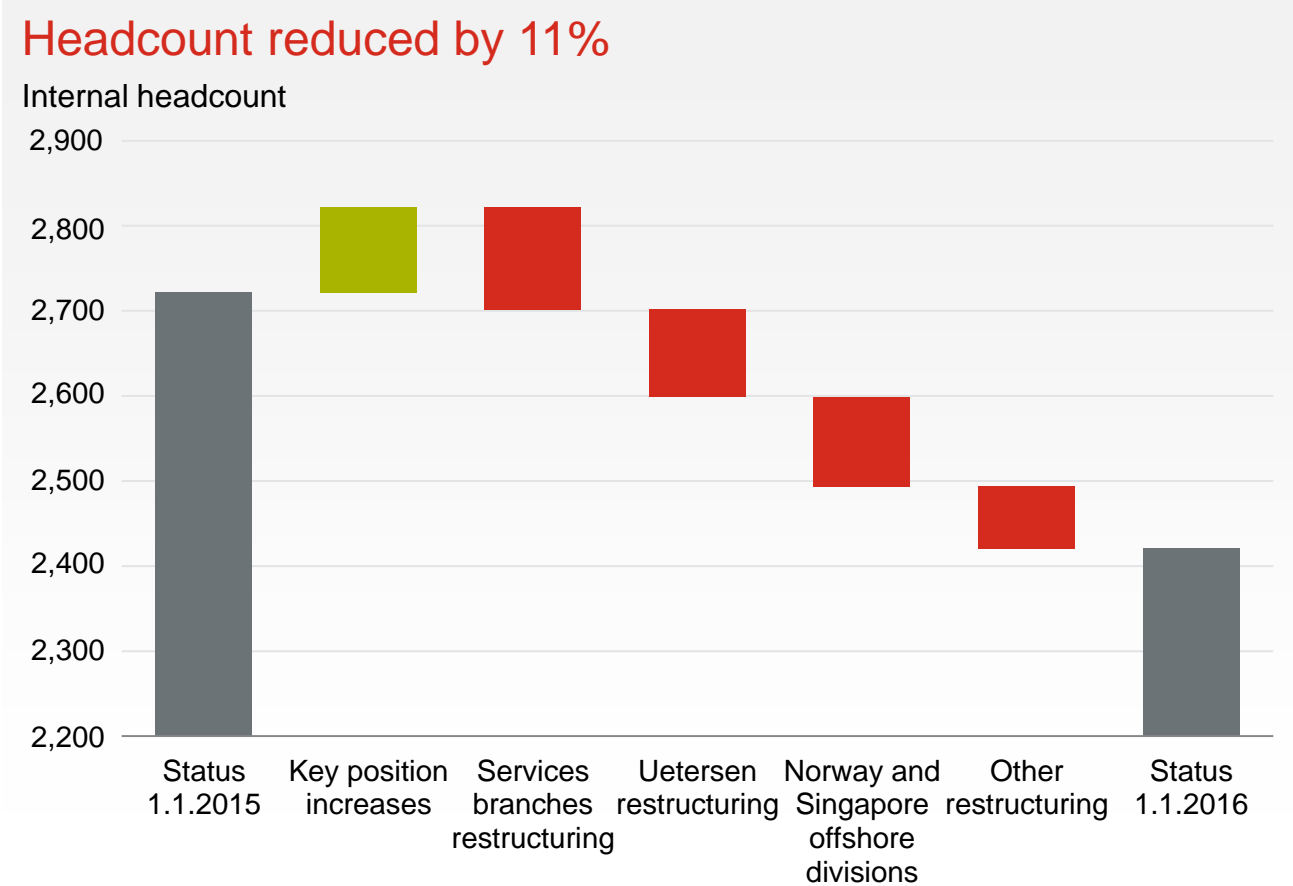
Cost reduction and cost control measures set in place in 2015

Reduction of over 300 employees

Organisational development

Targeted annual savings of EUR 27 million

Measures taken in 2015 will have a full impact in 2016



Improving project execution and reducing product cost

Project execution

- Harmonised world class processes
- Disciplined execution

Design-to-cost

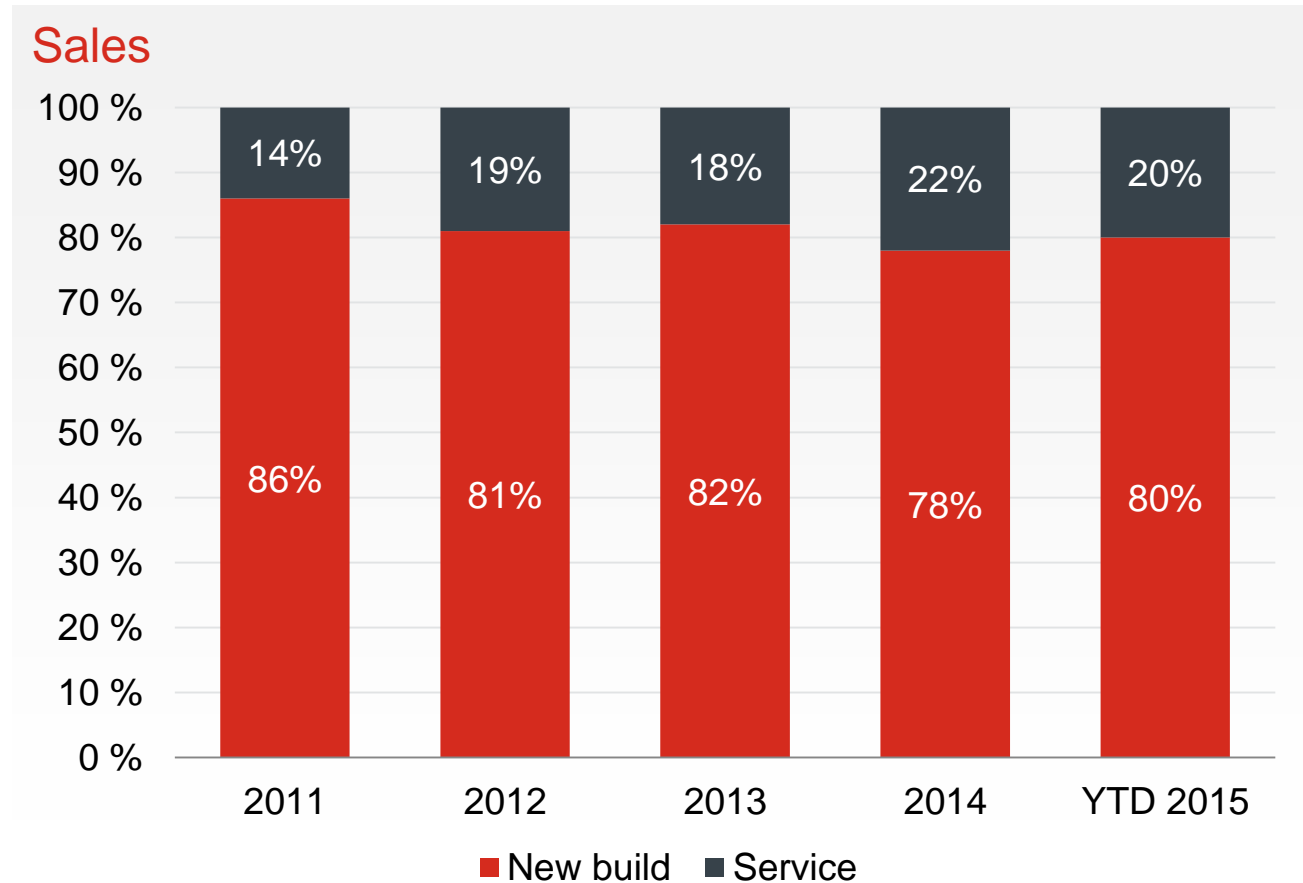
- Leverage on total MacGregor volume
- Align functionality with requirements

Targeted savings of EUR 10 million from design-to-cost will materialise in 2016

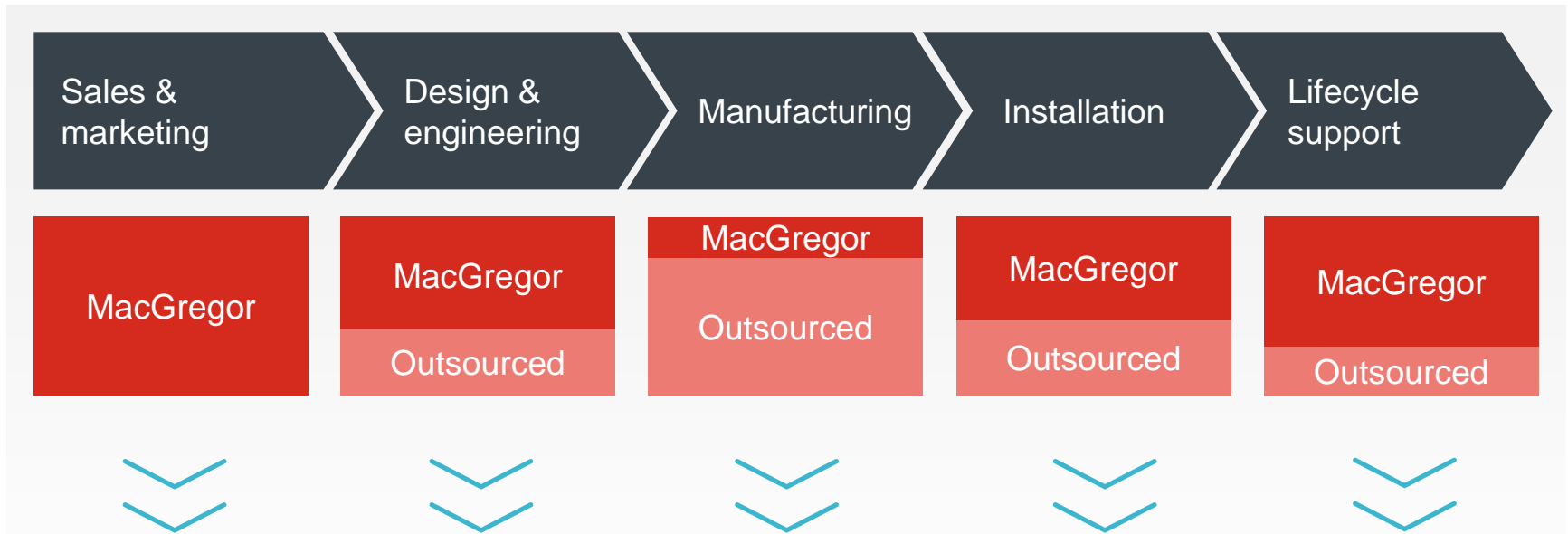


Increased focus on service improves profitability

Share of services will exceed 25% of sales in 2016



Our asset-light business model gives flexibility



Cost-efficient scaling

85% of manufacturing outsourced

30% of design and engineering capacity outsourced

Slight improvement in operating profit margin in 2016

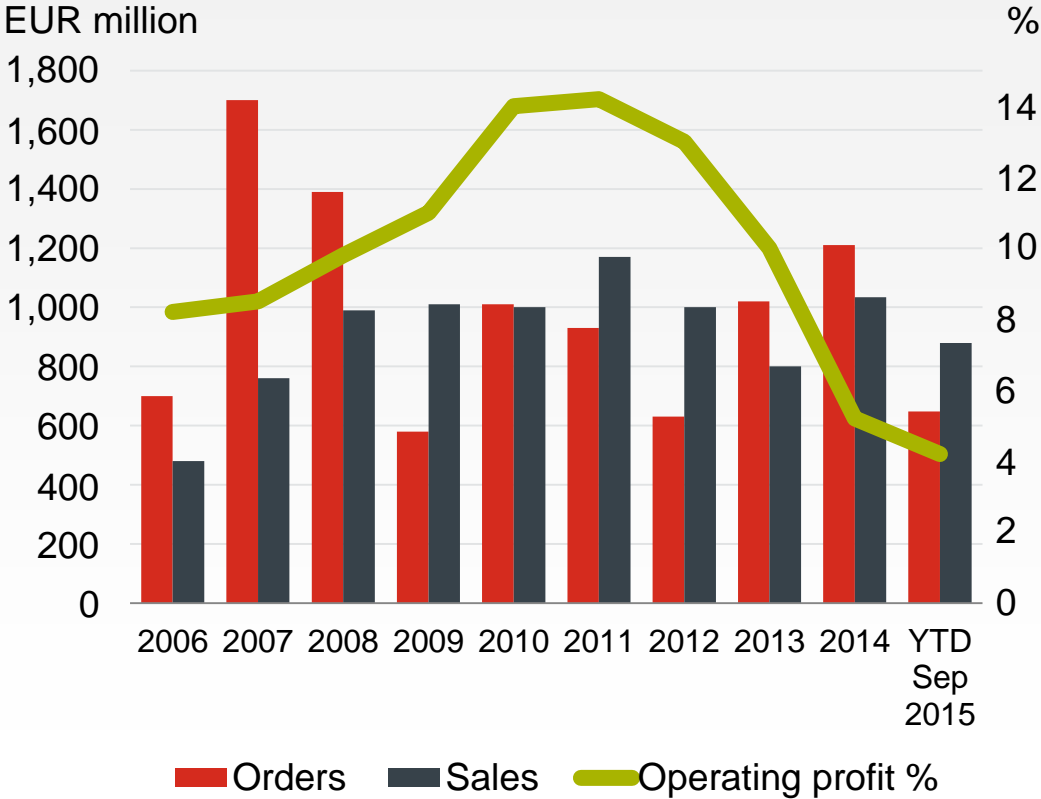
Tough market situation

- Reduced demand
- Increased price pressure

Measurements in place give confidence we can slightly improve operating profit margin in 2016

Supported by a solid backlog going into 2016

Financial track record



Operating profit % excluding restructuring costs

Solid backlog going into 2016

80% of orders in the backlog for 2016 booked by the end of 2015





Preparing for longer term growth

Focusing both on defensive
and offensive play

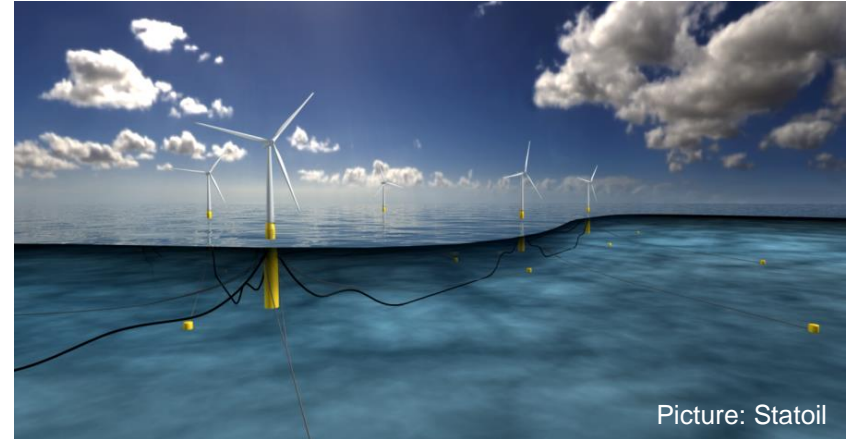
Key growth opportunities

Active growth sectors

- Offshore wind
- Floating production units
- Offshore gas (LNG)
- RoRo: Car carriers / ferry
- Mega-size container ships

China

- Strategic partnerships and alliances
- Stronger local footprint throughout the whole value chain



Growth through services and shiptype solutions

Services excellence by digitalisation

- Leveraging our strong installed base
- Digitalised customer interface
- Connectivity and data management

Shiptype solutions

- Shiptype focus to maximise benefit of our wide portfolio
- Boosting profitability of ship operators



We are improving profitability

Improving profitability by cost reductions, product and project cost improvements, services development

- Cost reduction measures started in 2015 will result in targeted EUR 27 million annual savings
- Targeted savings of EUR 10 million from design-to-cost will materialise in 2016
- Share of services will exceed 25% of sales in 2016
- Asset-light model with 85% of manufacturing outsourced allows for cost-efficient scaling

80% of orders for 2016 in backlog by the end of the year



→ 10%

operating profit margin
(EBIT) over the cycle

Questions?

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Improving shareholder return at Cargotec

CFO Eeva Sipilä

Levers we are working on to improve shareholder return at Cargotec

From turnaround to profitable growth

- focus currently on Hiab and Kalmar

Further improving operating profit margin

Further improving return on capital (ROCE)

- focus on further net working capital efficiency improvement

Strengthened balance sheet enables growth investments



Q1–Q3/15 results show good progress

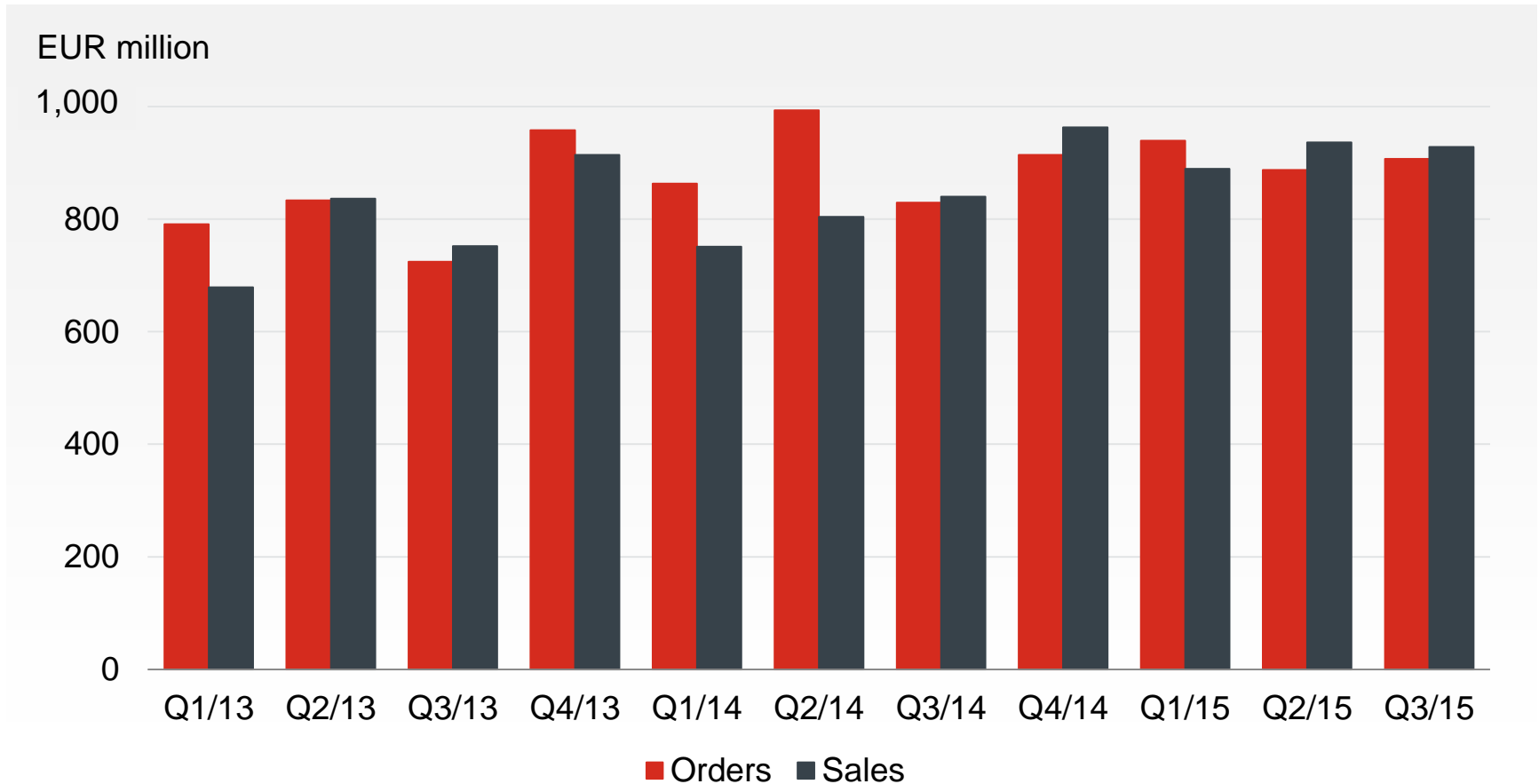
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	Q1-Q3/15	Q1-Q3/14	Change	2014	2013
Orders received, MEUR	2,733	2,685	2%	3,599	3,307
Order book, MEUR	2,233	2,327	-4%	2,200	1,980
Sales, MEUR	2,753	2,395	15%	3,358	3,181
Operating profit, MEUR*	178.6	77.8		149.3	126.5
Operating profit margin, %*	6.5	3.2		4.4	4.0
Cash flow from operations, MEUR	227.3	120.3		204.3	180.9
Interest-bearing net debt, MEUR	678	835		719	578
Earnings per share, EUR	1.67	0.48		1.11	0.89



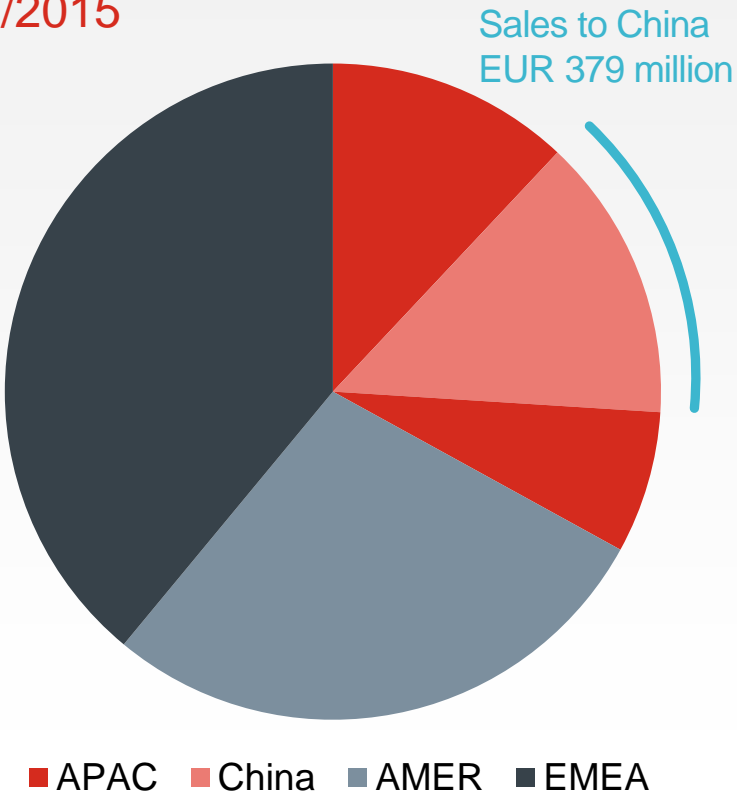
* excluding restructuring costs

Order intake year-to-date healthy despite weak market situation in MacGregor



Only 4% of Cargotec sales to Chinese market limiting impact of slowdown

Sales by geographical segment
1-9/2015

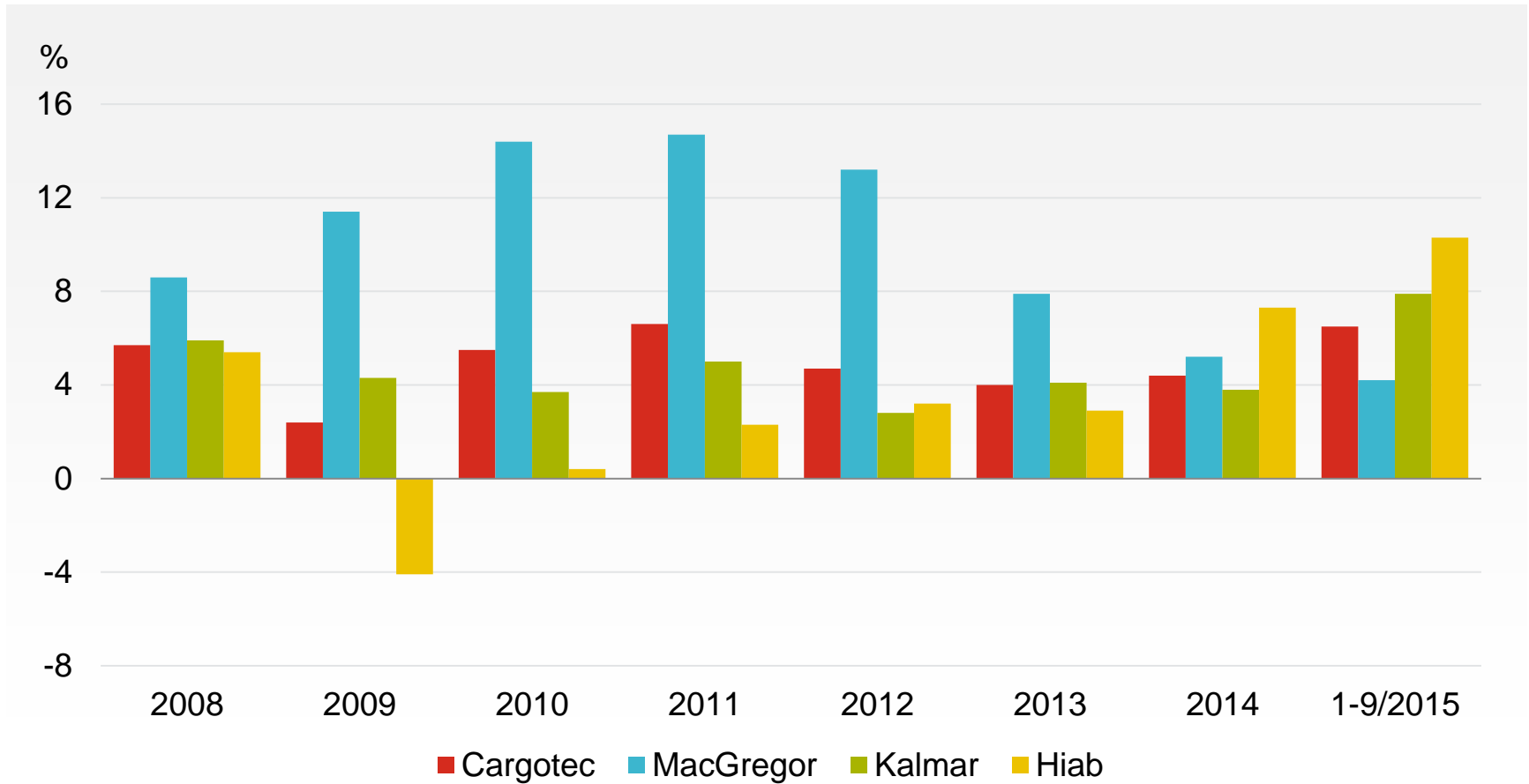


Sales to China represented 14% of Cargotec's sales in Q1-Q3/15

Majority of that is MacGregor sales to Chinese shipyards whose end deliveries are exported out of China

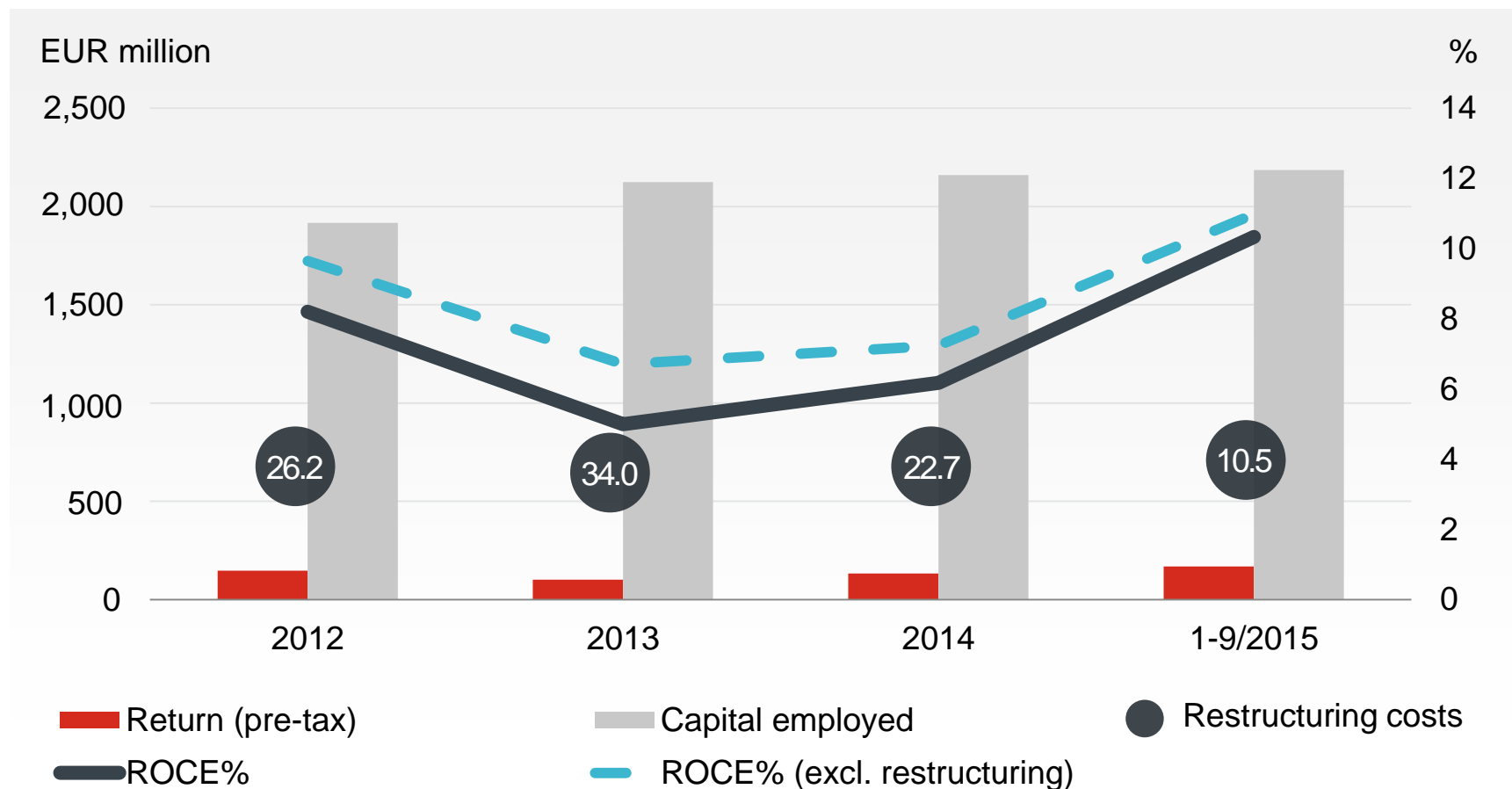
Share of Cargotec sales to China for the Chinese market were 4% in the same period

Actions in all BAs support further improving operating profit margin in 2016

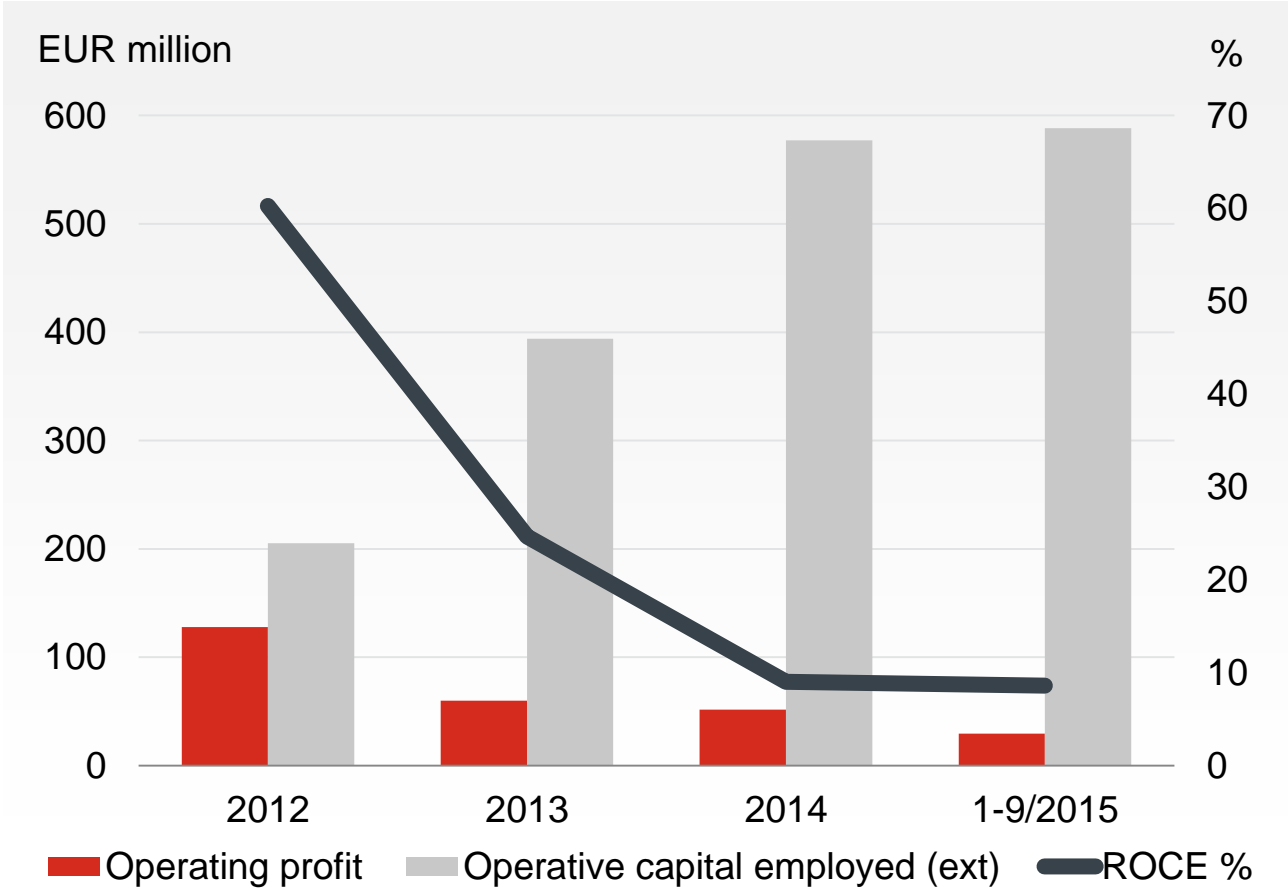


Operating profit excluding restructuring costs

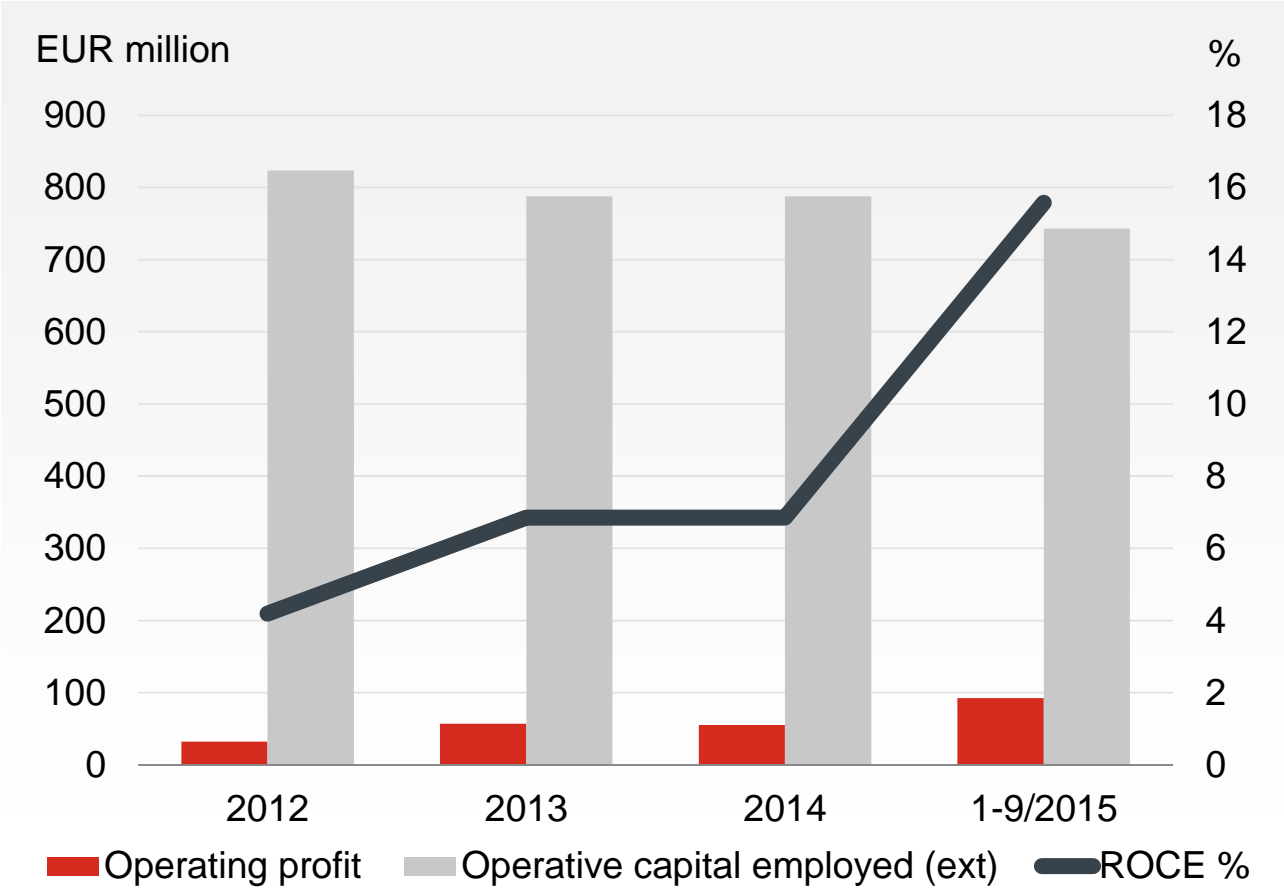
Return on capital employed (ROCE) target of 15% over the cycle built on further improved profitability and working capital efficiency



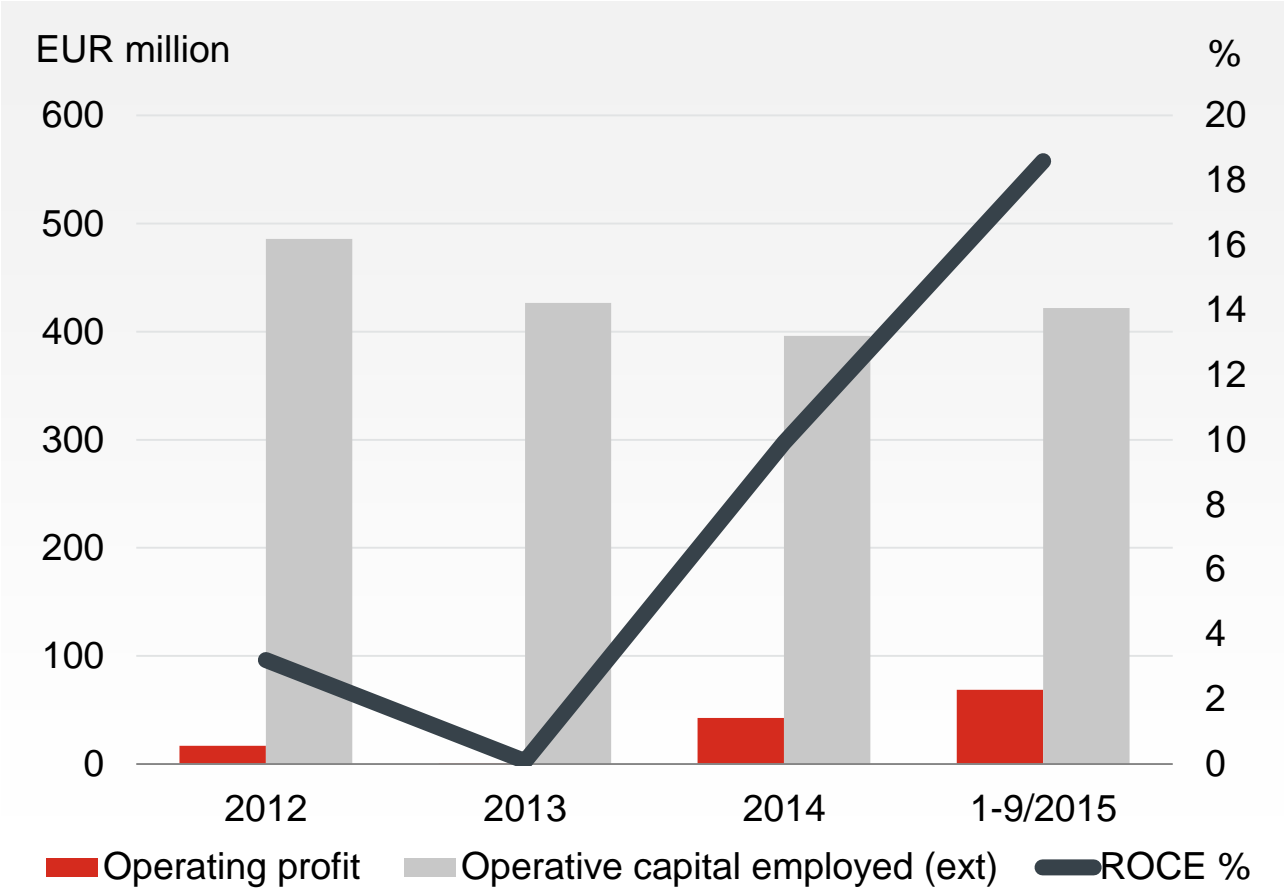
Operative ROCE in MacGregor has dropped due to market downturn and goodwill from recent acquisitions



Operative ROCE in Kalmar has significantly improved



Operative ROCE in Hiab has significantly improved



Net working capital is in focus to improve return on capital employed

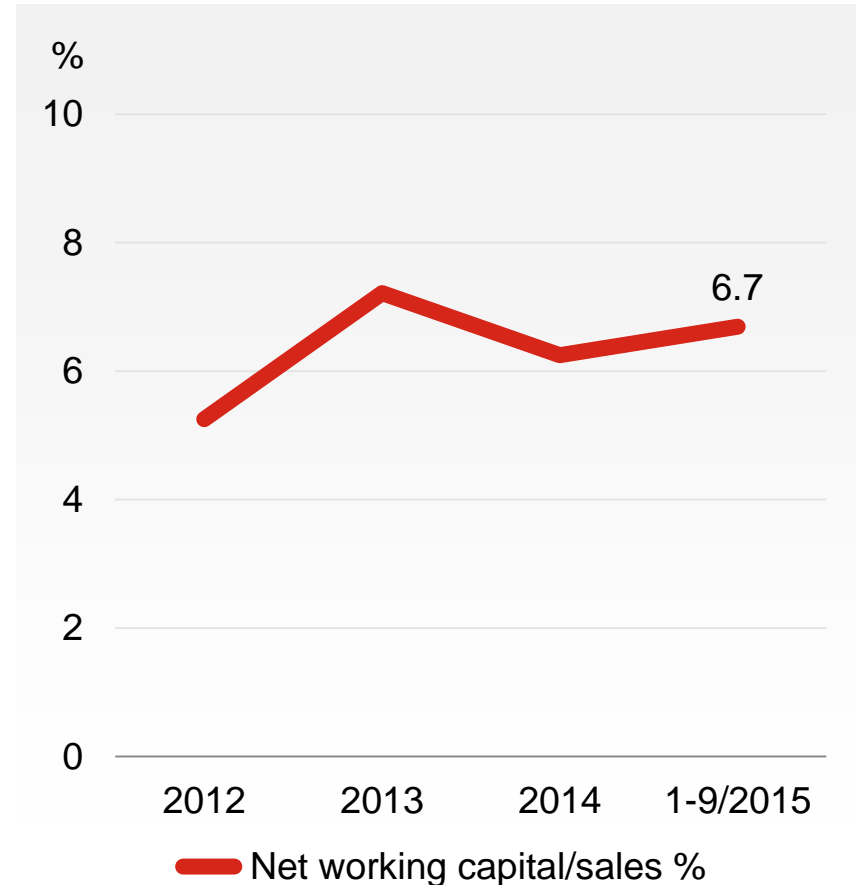
Cargotec has relatively high goodwill and low fixed assets on balance sheet

Profitability improvement is vital for return side of ROCE equation

Main lever in capital employed side of ROCE equation is net working capital

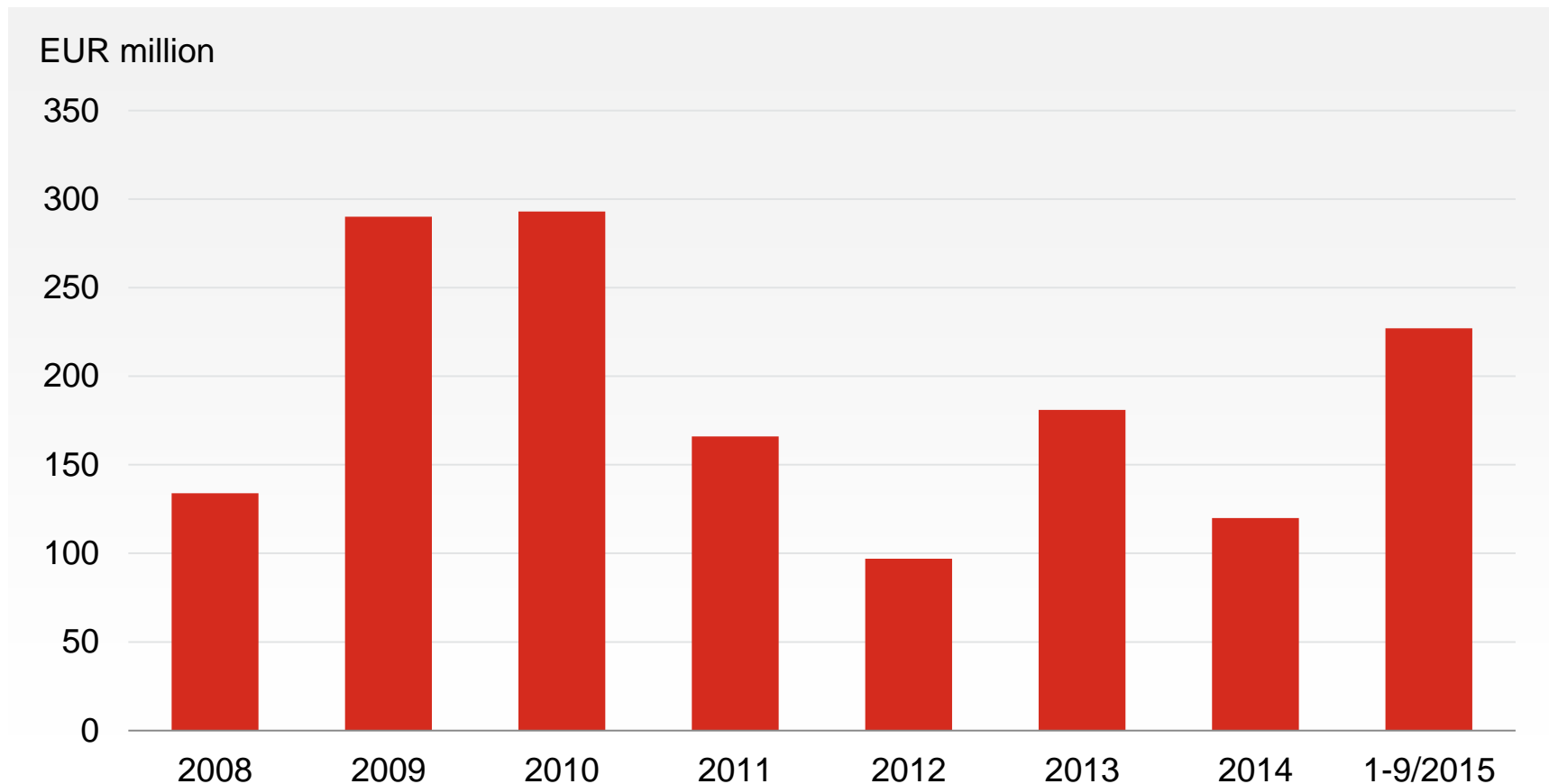
Actions continue both to improve turns as well as lower NWC to sales

- Design-to-cost and supply chain actions focusing on inventory
- Sales and distribution actions focusing on accounts receivable



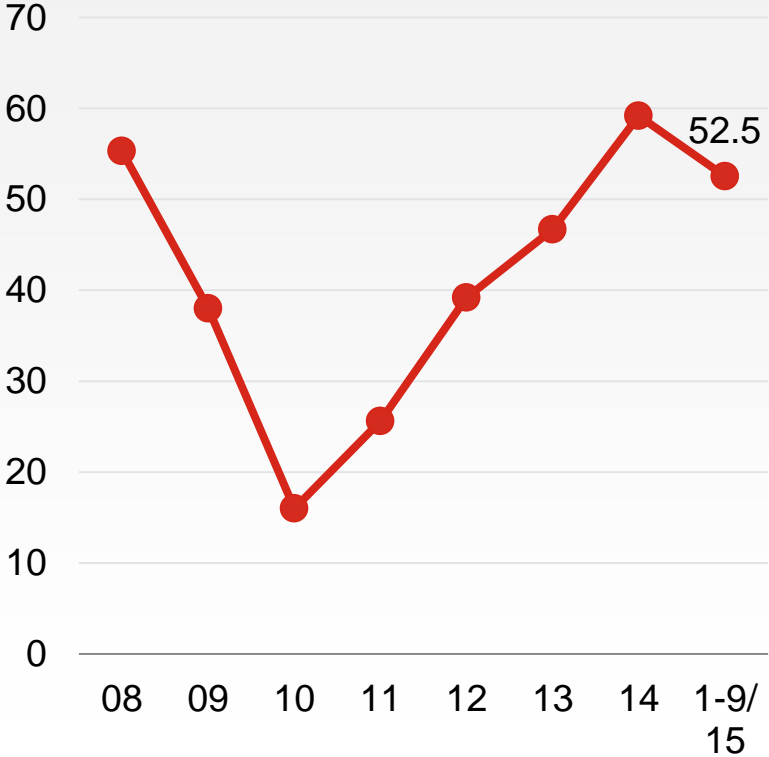
Cash flow from operations continues as key priority for Cargotec

Cargotec
Capital
Markets
Day

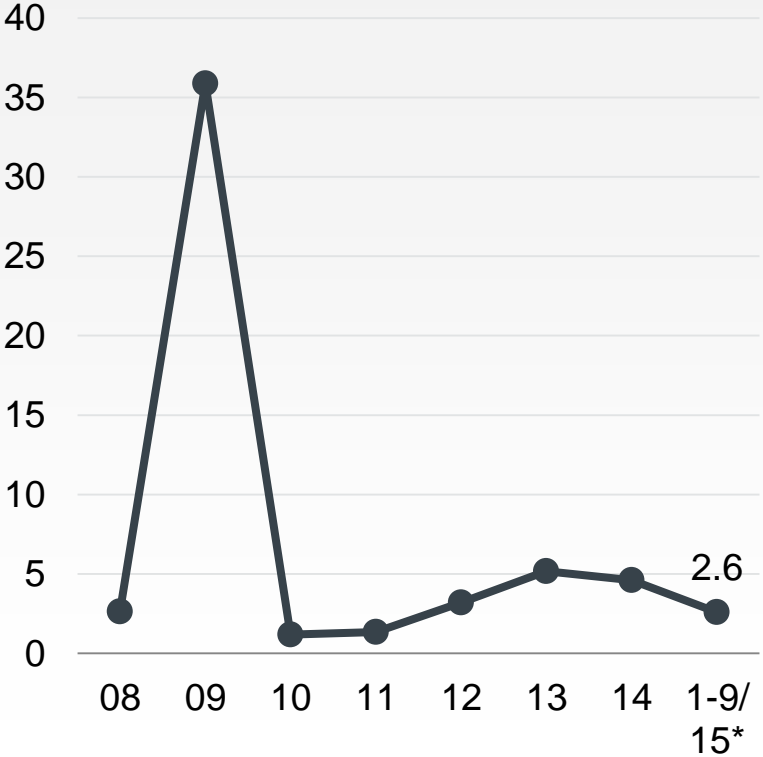


Strengthened balance sheet shows impact of focus on deleveraging

Gearing %



Net debt/EBITA



* EBITA rolling 12 months

Reaching gearing target <50% will enable focus to gradually move towards profitable growth

Free cash flow generation



Shareholder distribution according to dividend policy of 30–50% of earnings



Investing in organic growth incl. digitalisation



M&A to support strategy

Solid debt portfolio further supports growth investments

As of 30 Sep 2015:

Commercial bank loans
EUR 200 million

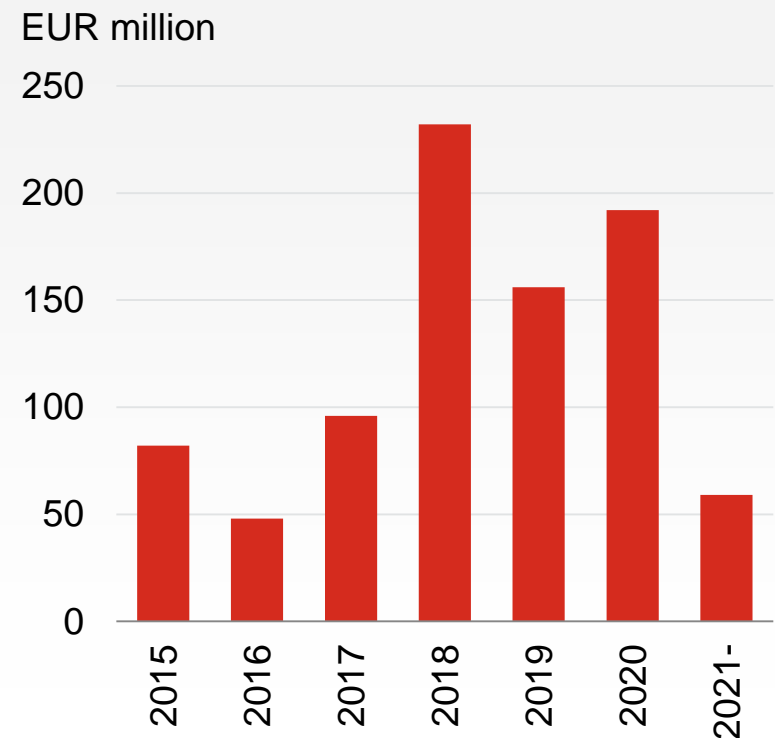
Commercial papers
EUR 89 million

Corporate bonds
EUR 304 million

Loans from international financial institutions
EUR 230 million

Subsidiary loans and leasing liabilities
EUR 42 million

Repayment schedule
of interest-bearing liabilities



Levers we are working on to improve shareholder return at Cargotec

From turnaround to profitable growth

- focus currently on Hiab and Kalmar

Further improving operating profit margin

Further improving return on capital (ROCE)

- focus on further net working capital efficiency improvement

Strengthened balance sheet enables growth investments



Questions?