



MacGregor

Defending profitability, Enabling innovation in maritime trade

24 March 2017

MacGregor Investor Day

Michel van Roozendaal, President, MacGregor



Agenda

1. MacGregor in brief
2. Market environment and business drivers
3. MacGregor's strategy
4. Summary and conclusions

We are part of Cargotec – Global leader in cargo handling equipment

Cargotec Group

Sales: EUR 3,514 million
EBIT: 7.1%
Services: 25%

Kalmar

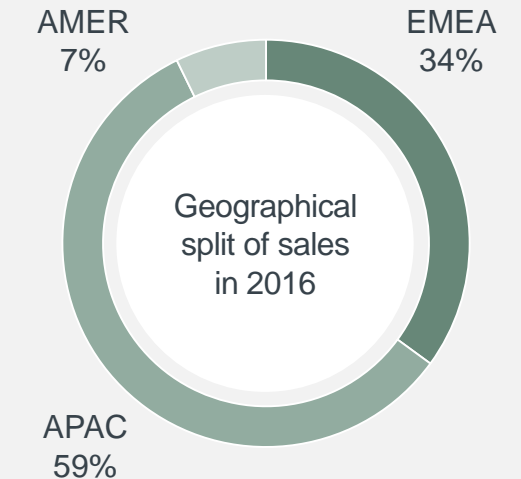
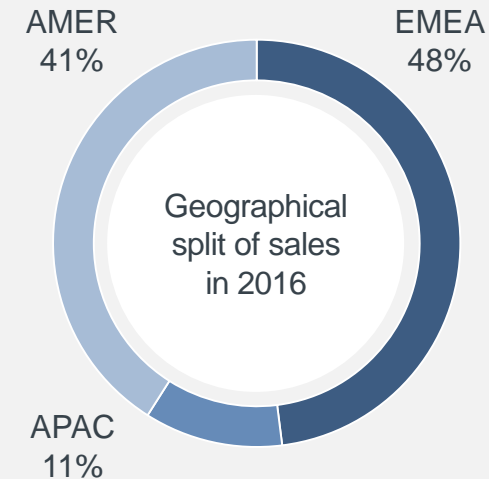
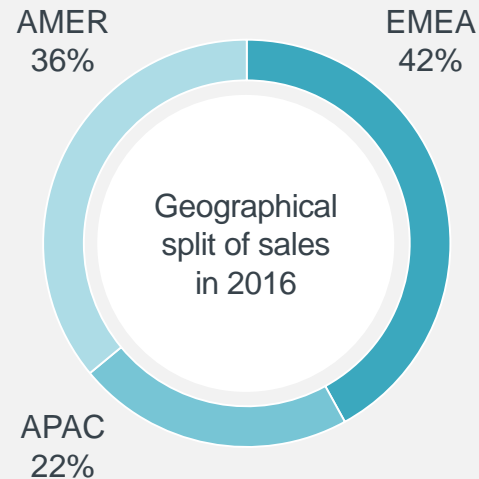
Sales: EUR 1,700 million
EBIT: 8.0%
Services: 26%

Hiab

Sales: EUR 1,036 million
EBIT: 13.5%
Services: 22%

MacGregor

Sales: EUR 778 million
EBIT: 2.3%
Services: 26%



Figures: 2016
EBIT % excluding restructuring costs



1. MacGregor in brief

Designed to perform with the sea

MacGregor key figures in 2016

Net sales
EUR 778 million

Operating profit*
EUR 18 million

*Excluding restructuring costs

Sales of services
EUR 204 million
(26% of sales)

Order book
EUR 598 million

2,256 employees
in 32 countries



**MacGregor
equipment is
on board of
every second
vessel on the
ocean**

Main segments

Merchant Cargo Flow

- Container cargo
- Bulk cargo
- General cargo
- Liquid cargo
- RoRo cargo

Marine People Flow

- Ferry
- Cruise
- Superyachts
- Walk-to-work

Offshore Energy

- Oil & Gas
- Renewables
- Mining
- Research

Marine Resources & Structures

- Aquaculture
- Fishery
- Floating structures

Naval Logistics and Operations

- Naval & Military Supplies Logistics
- Naval & Military Operations Support
- Ship-to-ship transfer



Strong market positions with leading brands

Marine

~3/4 of sales

Container lashing

#1



Hatch covers

#1-2



Cranes and selfunloaders

#1



RoRo equipment

#1



Offshore

~1/4 of sales

Sub-sea cranes

#1



Offshore winches

#2



Mooring systems

#1



Loading and offloading systems

#1



Global Lifecycle Support

Key competitors

Merchant shipping

Offshore

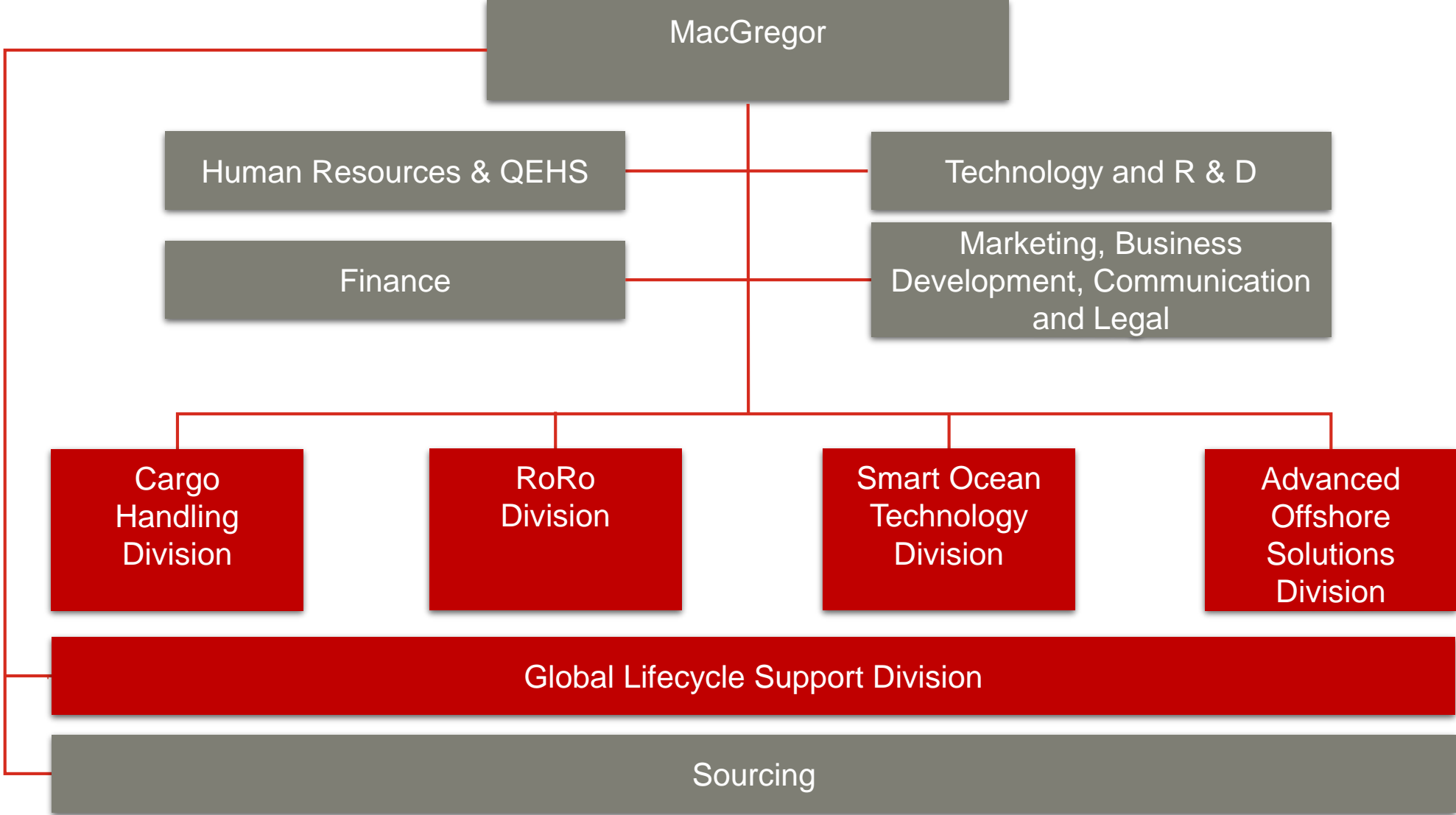
Global main competitors



Other competitors



Organisation



Strong global presence



2,256 employees



- Norway 22%
- Germany 17%
- China 13%
- Sweden 11%
- Singapore 6%
- Poland 6%
- UK 6%
- Finland 6%
- South Korea 3%
- Japan 3%
- Other countries 8%



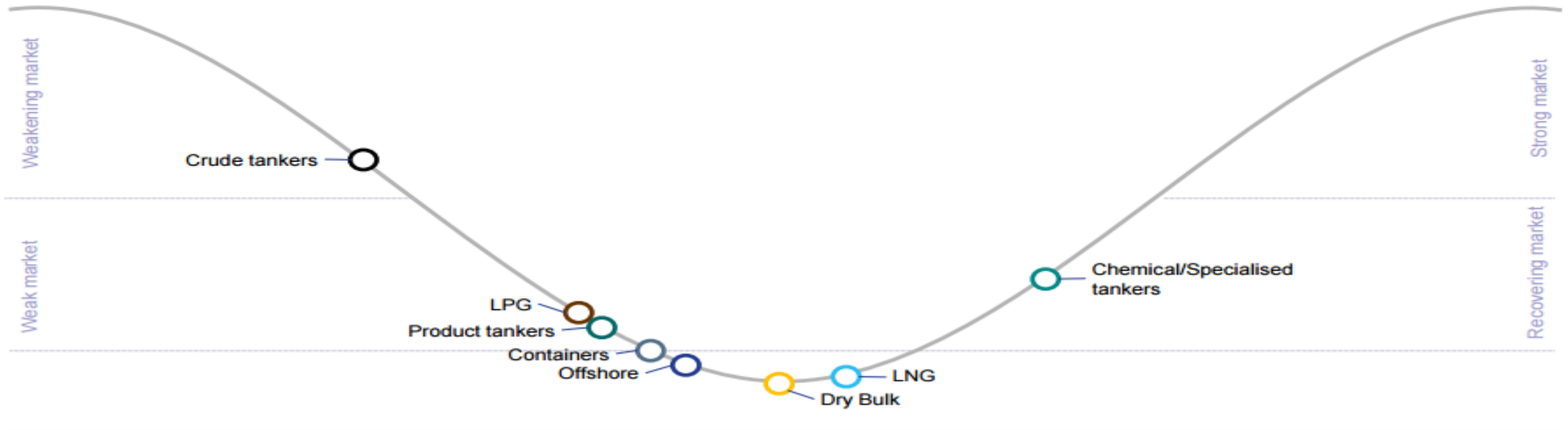
2. Market environment and business drivers

Vessel overcapacity and volatility of oil price set challenging short- to mid-term market conditions

Growing seaborne trade and energy demand support long-term opportunities

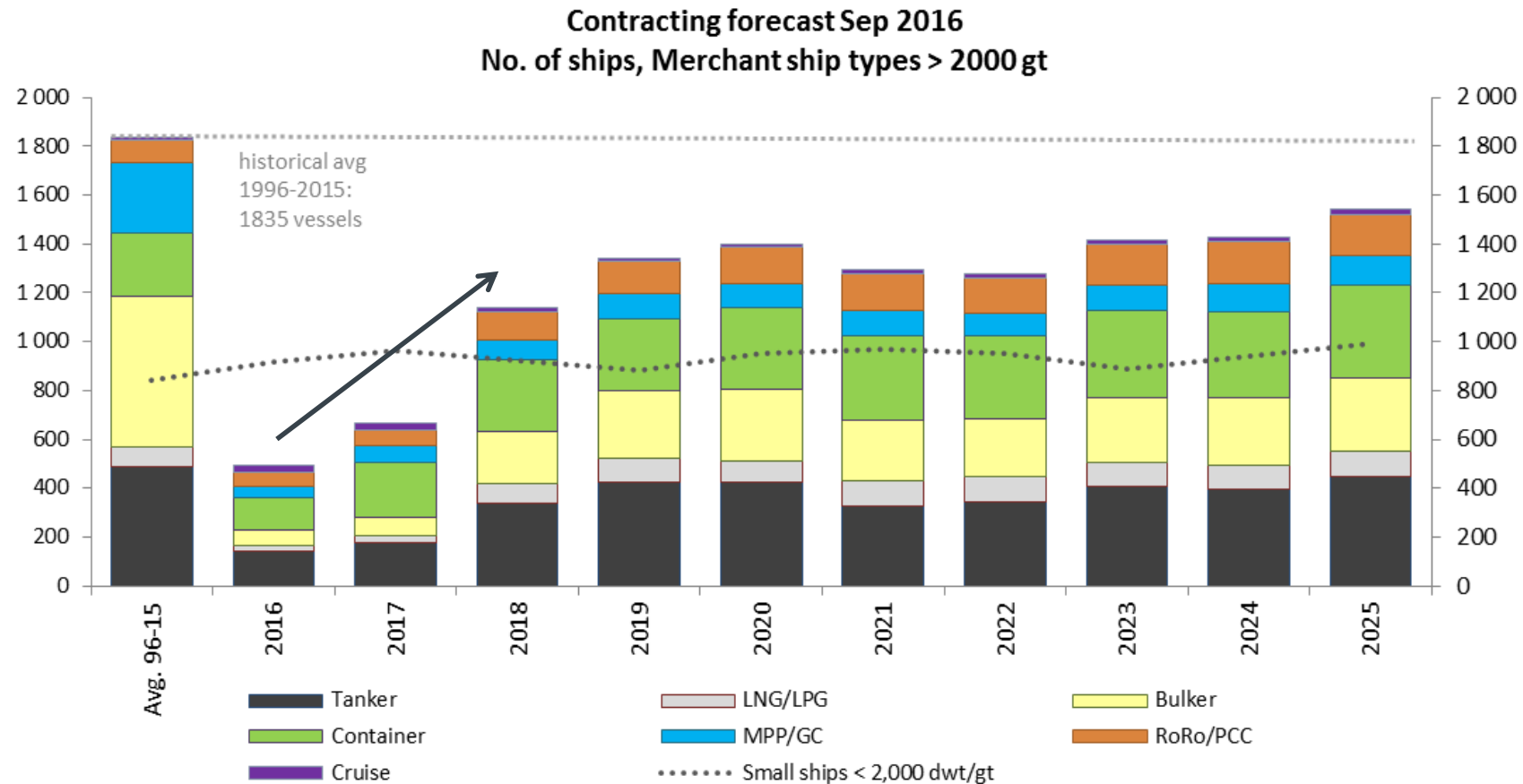
Where were we in Freight/Earnings Shipping Cycles in 2016?

Timeline of each cycle not defined and varies



Merchant ships: Contracting forecast by shiptype (number of ships)

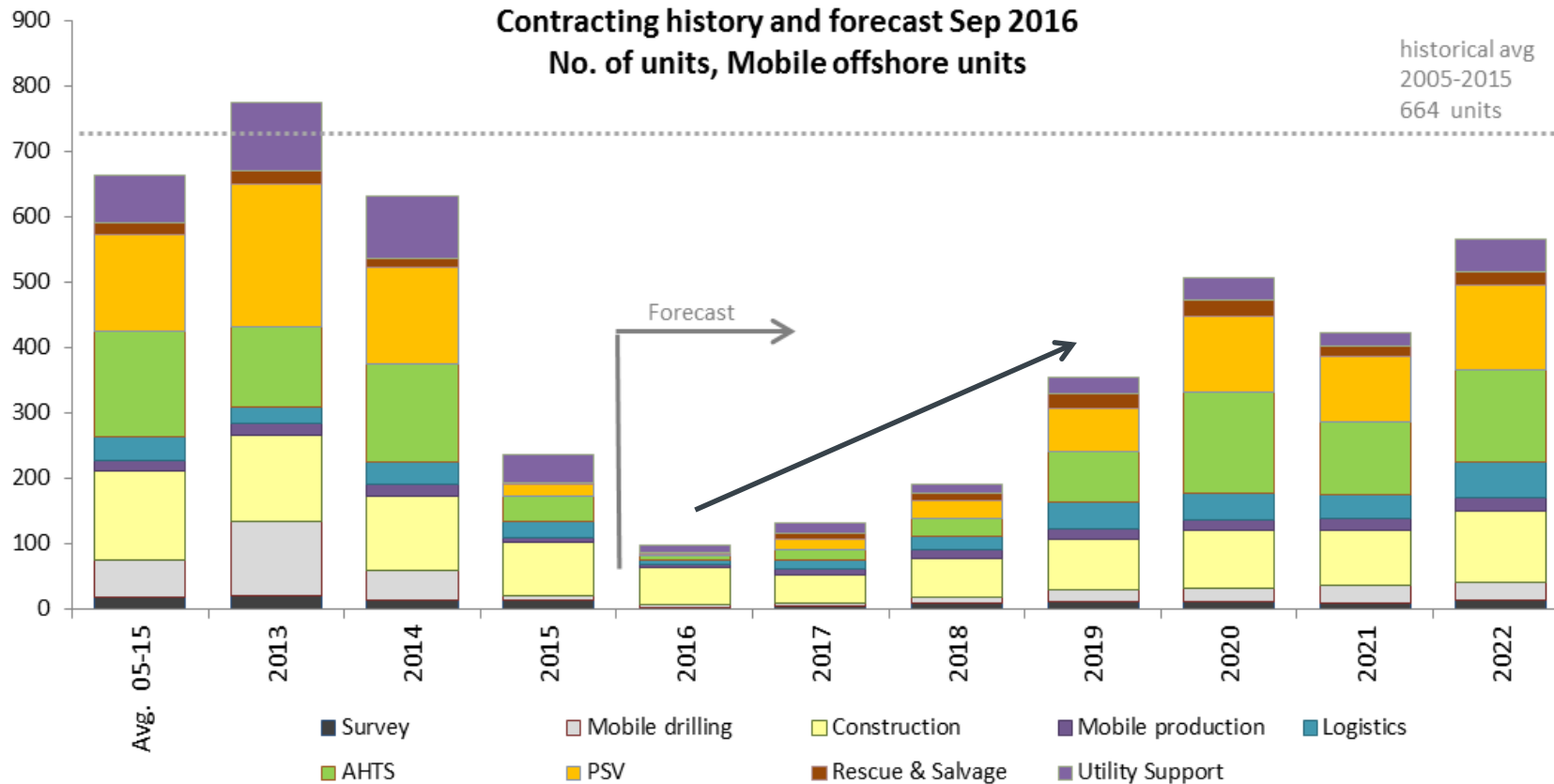
Merchant ship types > 2000 gt, base case



Source: Clarksons September 2016

Offshore mobile units: Contracting forecast by shiptype (number of units)

Offshore mobile units, base case (USD 60/bbl 2021)



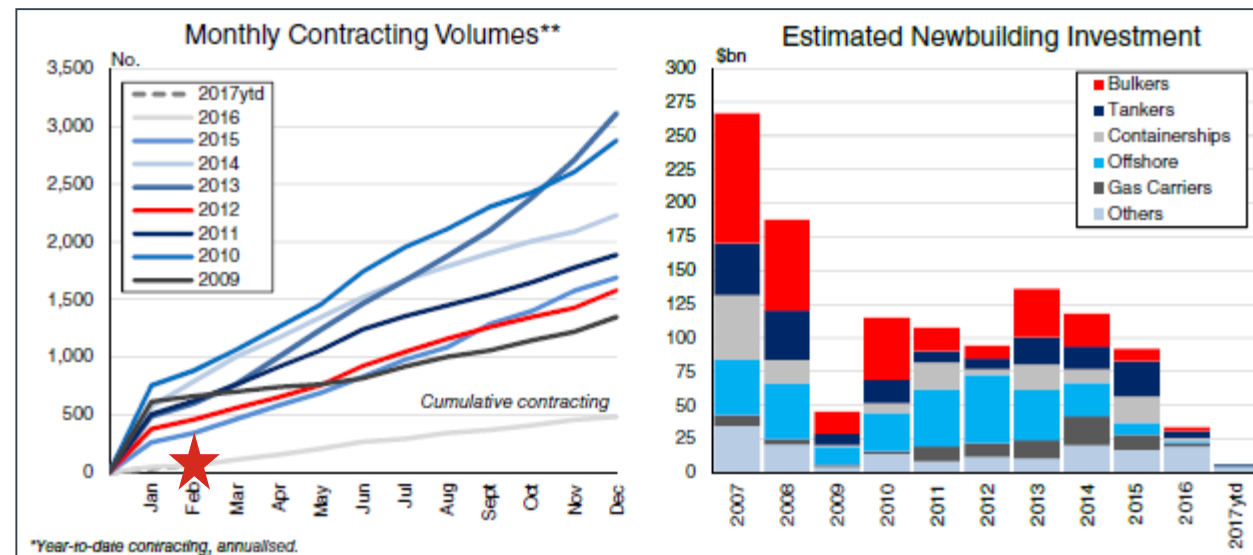
Source: Clarksons September 2016

Global Contracting Activity

- 2015, 2016 vs 2017 ytd, Clarkson March 2017

2017 contracting continued sluggish with 35 vessels (>2,000 Dwt/GT) ordered in February, and 69 in total by the 1st of March. There was further newbuild contracting in the tanker sector, as well as was continued interest in the cruise and passenger ferry sector last month.

Global Contracting Activity (1st March 2017)												
	No.				\$bn				m. CGT			
	2015	2016	2017ytd	%y-o-y*	2015	2016	2017ytd	%y-o-y*	2015	2016	2017ytd	%y-o-y*
TOTAL (>2,000 Dwt/GT**)	1,690	483	69	-14%	92.2	33.9	6.4	13%	40.0	11.5	1.9	-3%
Vessel Type												
Bulkers	357	48	0	-100%	9.4	3.0	0.0	-100%	6.4	1.8	0.0	-100%
Tankers	544	144	33	38%	26.1	4.9	0.9	9%	12.6	2.7	0.7	56%
Containerships	249	81	3	-78%	19.4	2.1	0.1	-73%	10.5	1.5	0.1	-77%
Gas Carriers	108	20	2	-40%	11.0	2.1	0.5	55%	4.3	0.8	0.2	22%
Offshore	184	52	8	-8%	9.1	1.9	0.5	39%	1.7	0.6	0.1	37%
Others	248	138	23	0%	17.1	19.9	4.4	33%	4.5	4.2	0.8	14%
Builder Country												
China	580	218	25	-31%	23.6	7.7	0.9	-32%	11.9	4.2	0.4	-46%
South Korea	295	61	12	18%	25.0	3.9	1.2	83%	10.9	1.8	0.5	62%
Japan	531	69	5	-57%	23.8	2.8	0.1	-75%	12.4	1.4	0.1	-42%
Europe	127	91	25	65%	14.5	18.1	4.2	38%	2.7	3.5	0.8	37%
Other	157	44	2	-73%	5.3	1.5	0.1	-75%	2.3	0.6	0.0	-52%

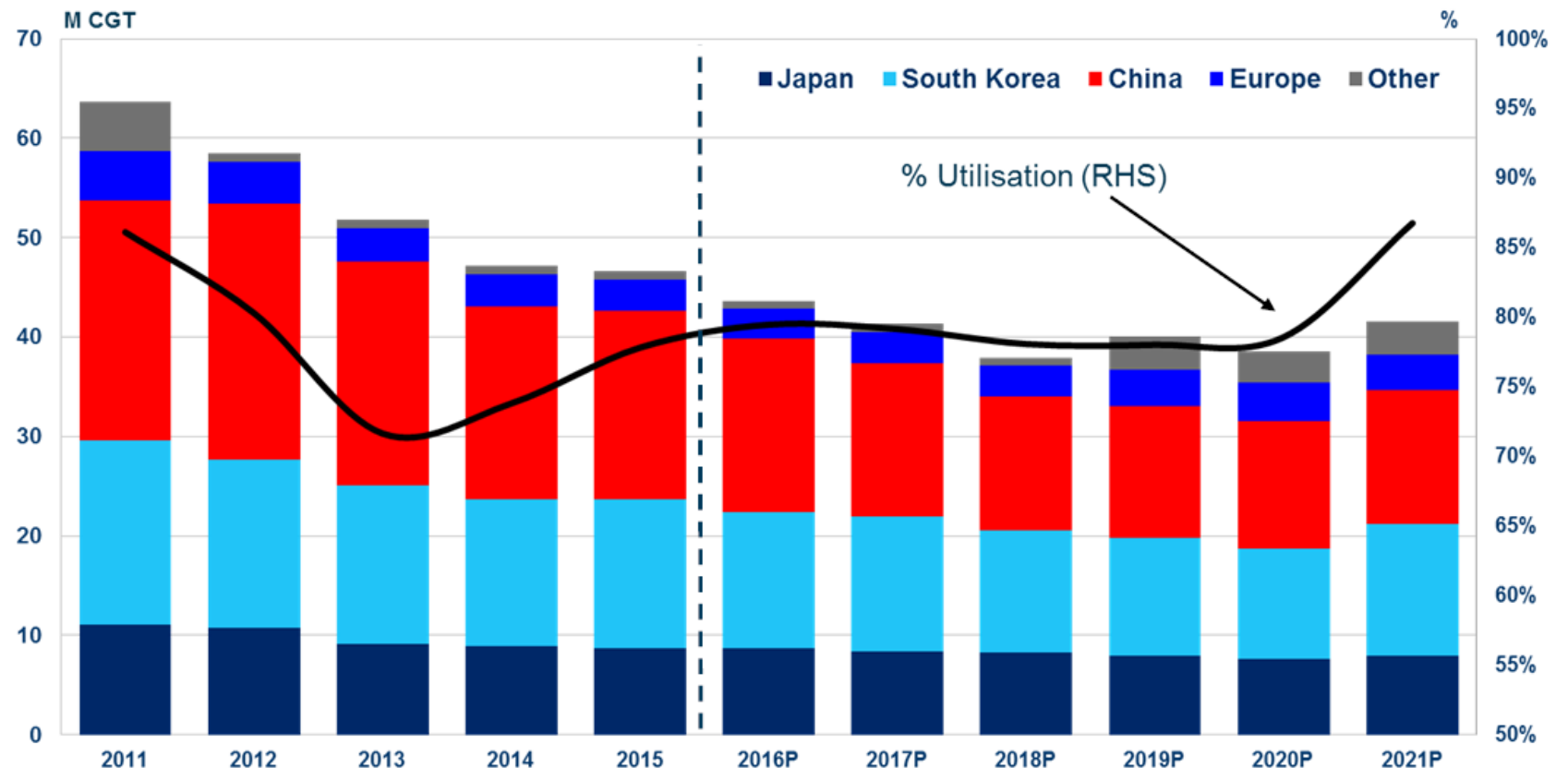


Source: Clarksons March 2016

Shipbuilding capacity and utilisation scenario

Since peak shipyard output in 2010 (in CGT terms), it is estimated that the global shipbuilding capacity has declined 22%.

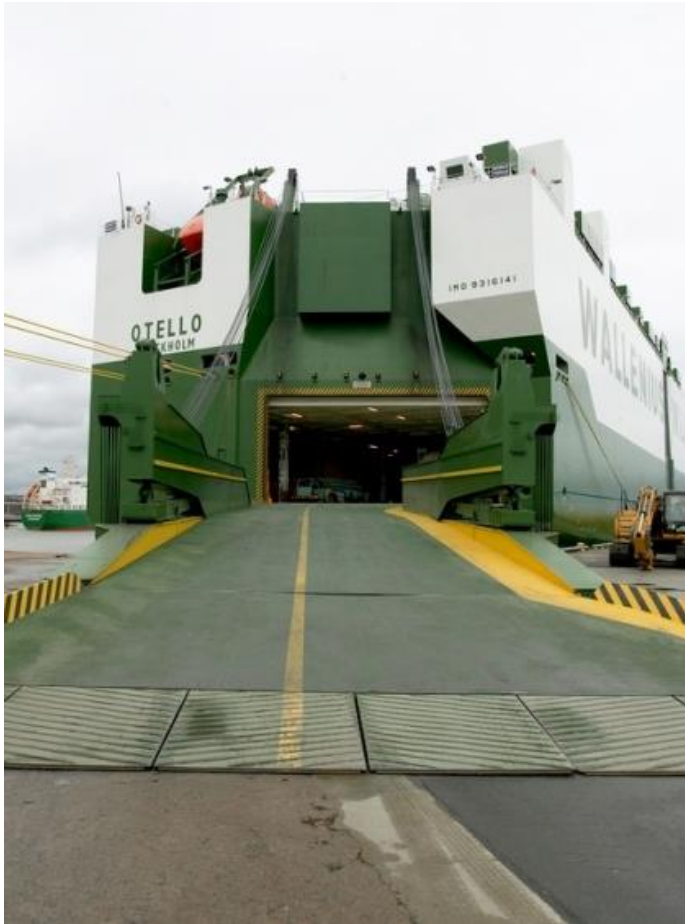
Significant downward revision in the contracting forecast suggests that there will be further pressure on yards, and the capacity is projected to decline by another 20% by end of 2020.



Source: Clarksons September 2016

Active segments

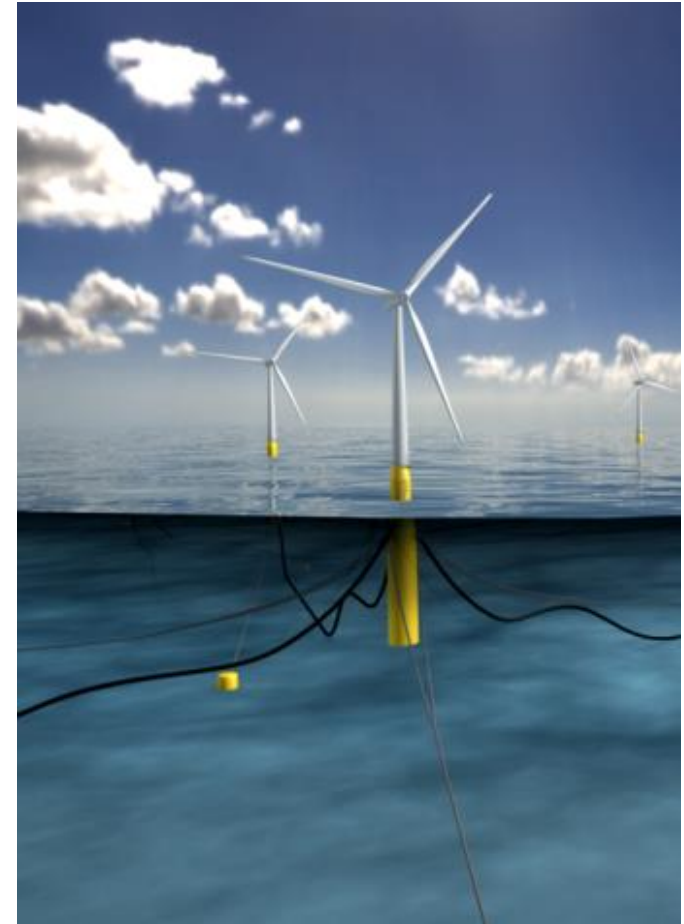
Car carriers / ferries / cruise



Fishery



Offshore wind



3. Focus areas in the current market reality

Defending profitability at the lower phase of the cycle

Repositioning MacGregor to come out stronger when the cycle turns



Defending profitability

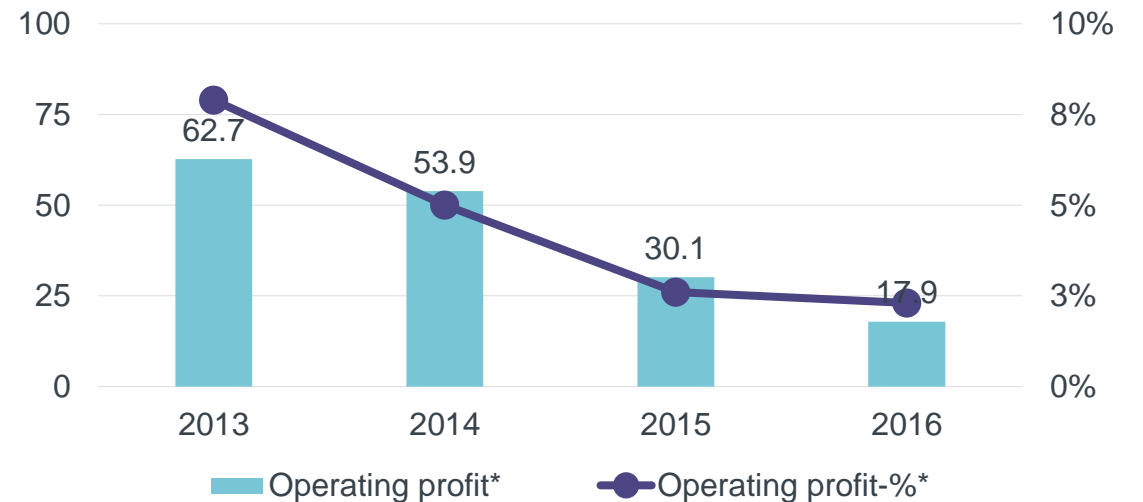
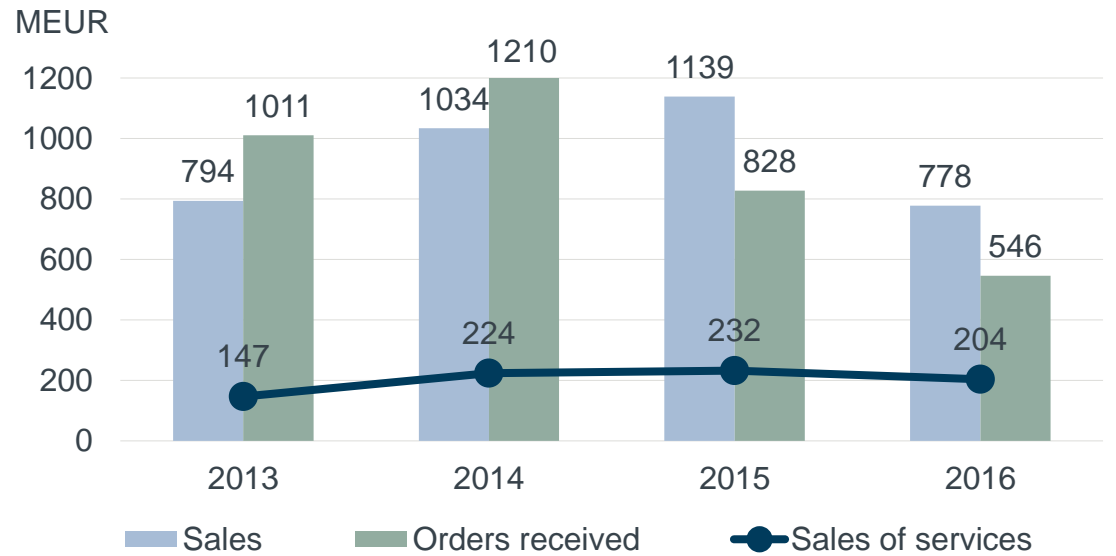
Reducing costs, adjusting capacity
and reorganising operations

Leveraging the asset light business
model



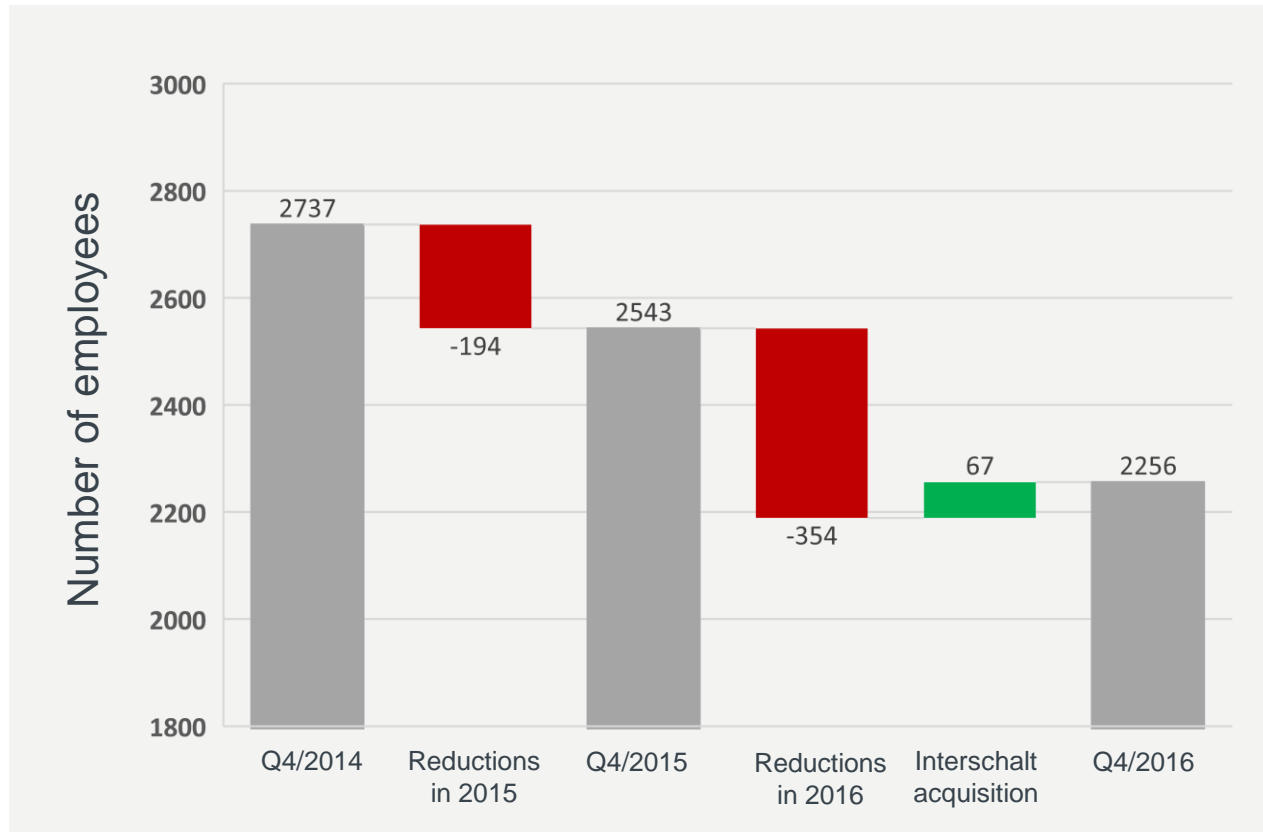
Defending against difficult market conditions in 2016

- 2016 sales declined by EUR 361 million
- Reduction of indirect and overhead by over EUR 35 million
- Realized operating profit of EUR 18 million excl. restructuring costs



*) Excluding restructuring costs

Active headcount management



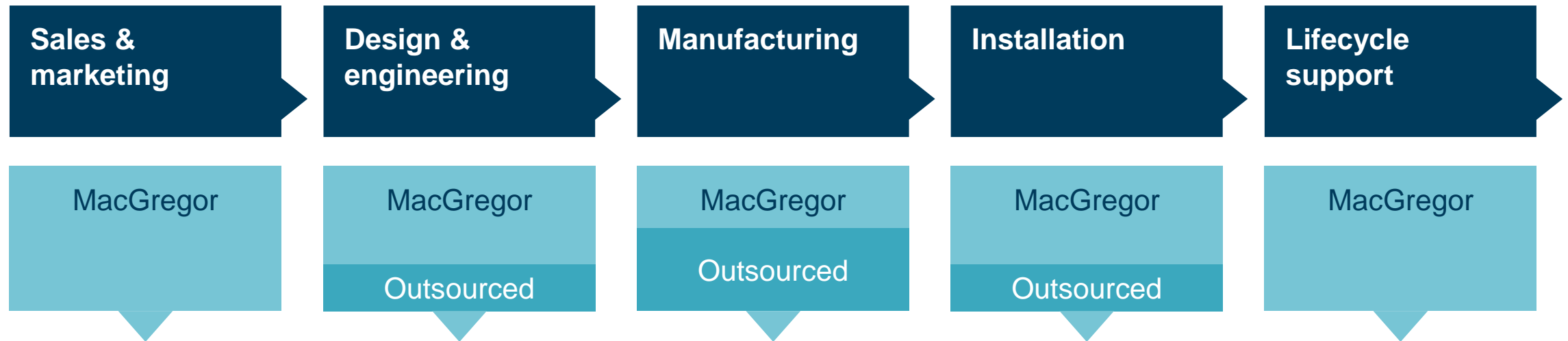
- Headcount reductions in 2016 in Norway, Germany, Finland, Sweden and Singapore
- Service division impact due to relocating transactional activities (quoting, order handling & processing, logistics & purchasing) to Poland
- Interschalt acquisition in Germany strengthening MacGregor Services
- Uetersen production unit divestment
- Structural changes; creation of the new Smart Ocean Technology division



Gross profit margin improved in 2016

- Product cost reduction with successful *Design-to-Cost* program
- New Asia based sourcing organization
- Implementation of new *Project Execution Model*

MacGregor's asset-light business model gives flexibility



Cost-efficient scaling

90% of manufacturing outsourced (previously 85%)

30% of design and engineering capacity outsourced

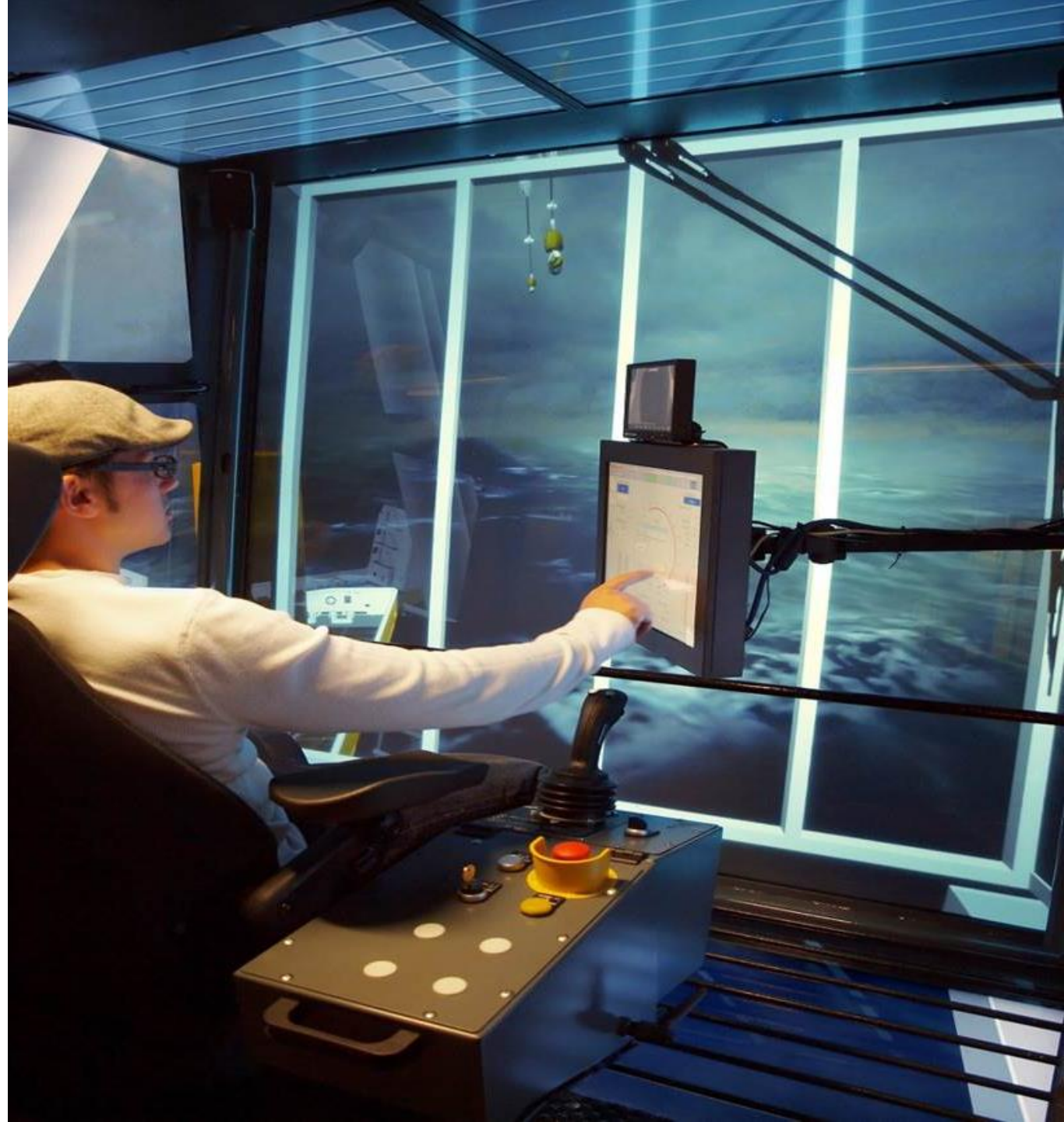
Coming out stronger when the cycle turns

Service

Digitalisation

Technology

Asia footprint



Service transformation to grasp the lifecycle potential

Leveraging the installed base

Enhancing customer centric way of working

Developing new advanced services

Focusing on safety and sustainability

Cargo boost [video](#)



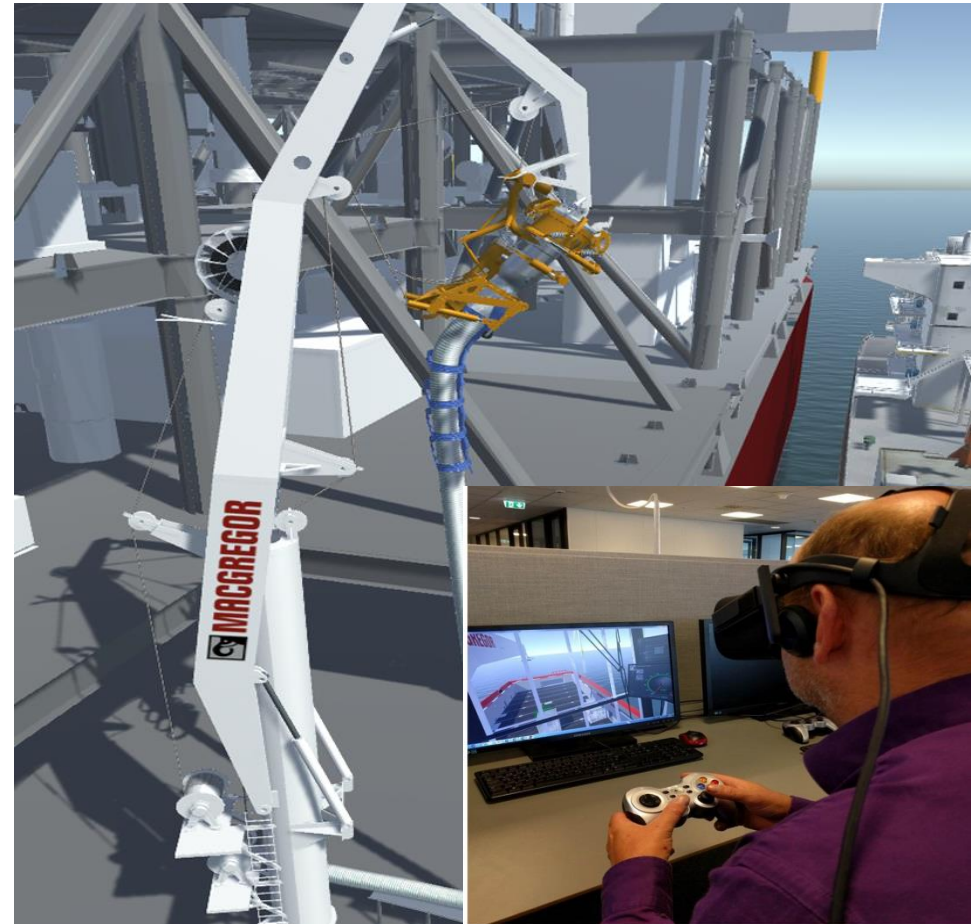
Stronger leading position through digitalisation

Boosting innovation with Hackathon

Improving customer service with digital customer interaction

Connectivity to enable monitoring, remote control and automation

Continued investments in internal digital platforms

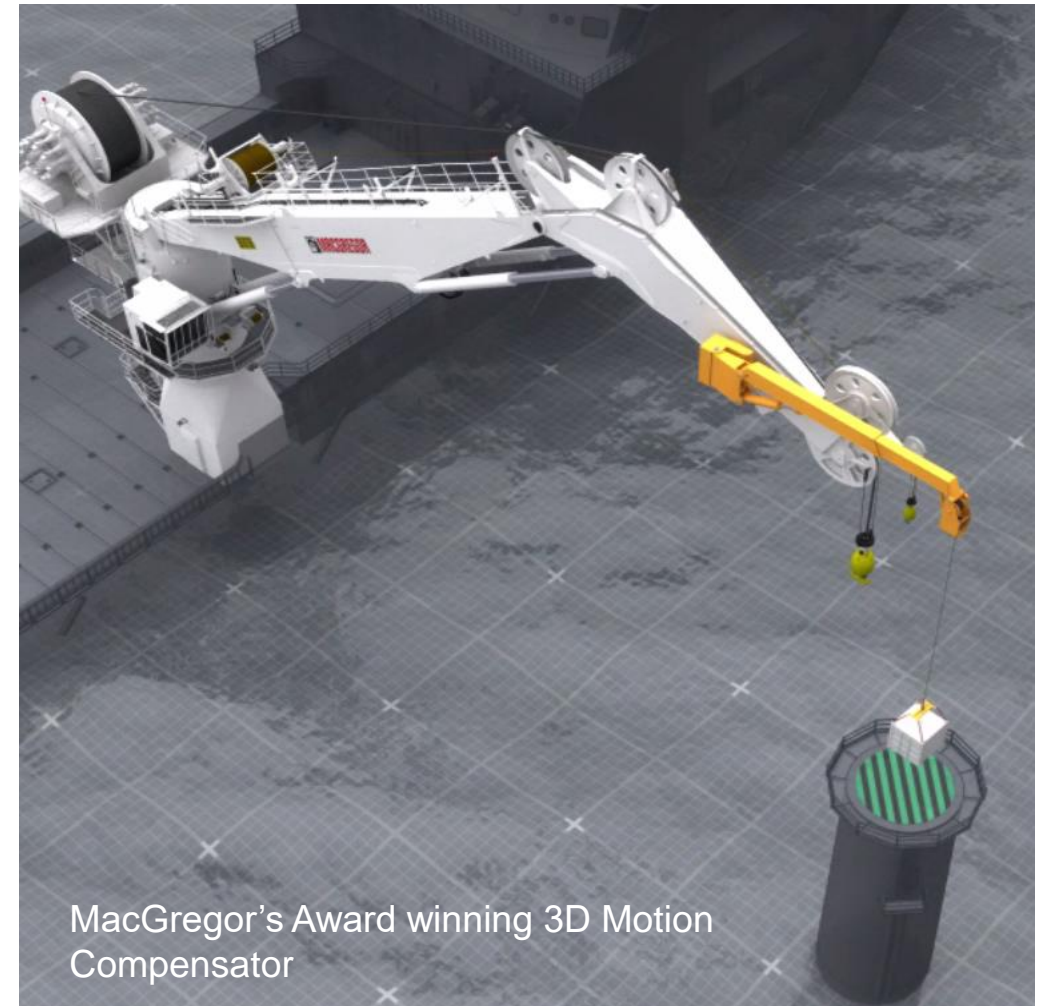


Technology development

Focus on electric solutions and energy saving innovations

New material applications

Acquisitions of Interschalt maritime systems AG and Flintstone Technology Ltd



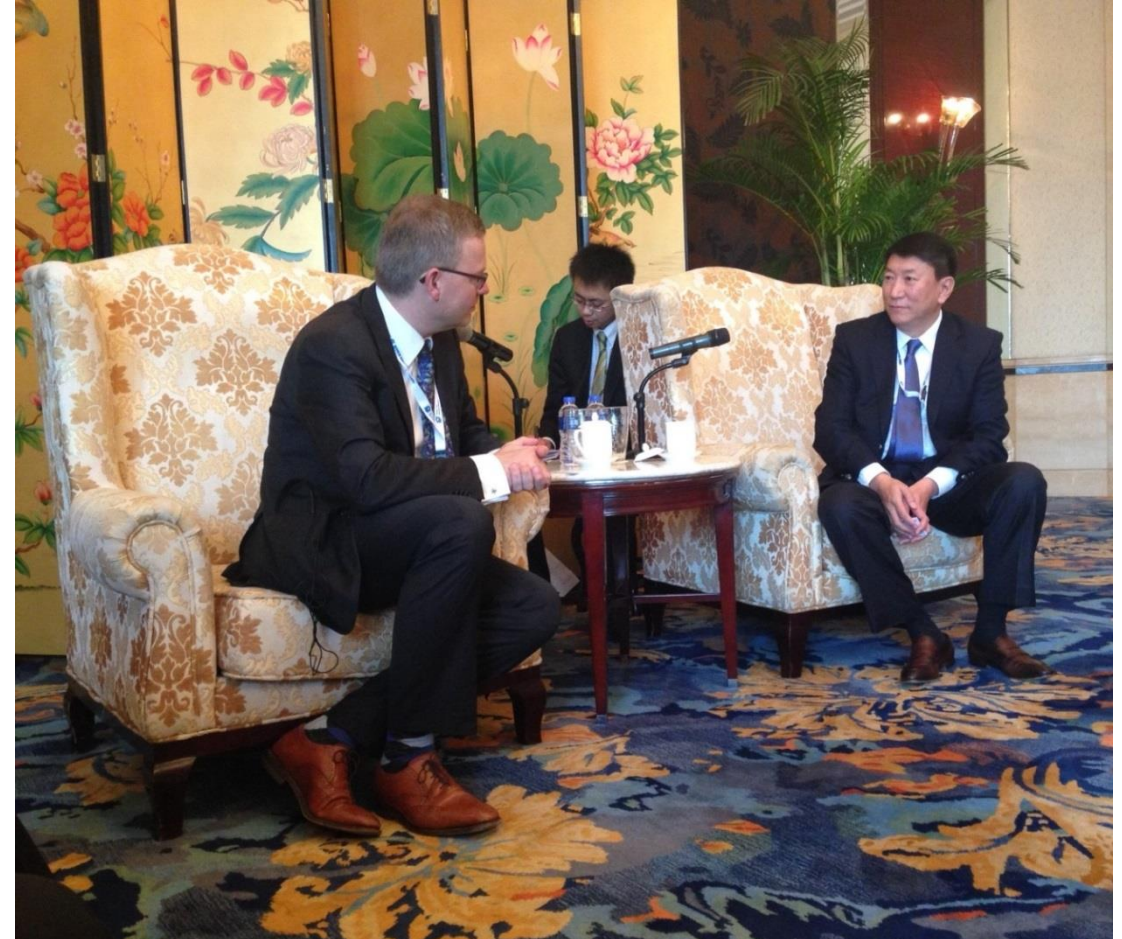
MacGregor's Award winning 3D Motion Compensator

Rooted in Asian markets

Stronger local footprint to grow market share

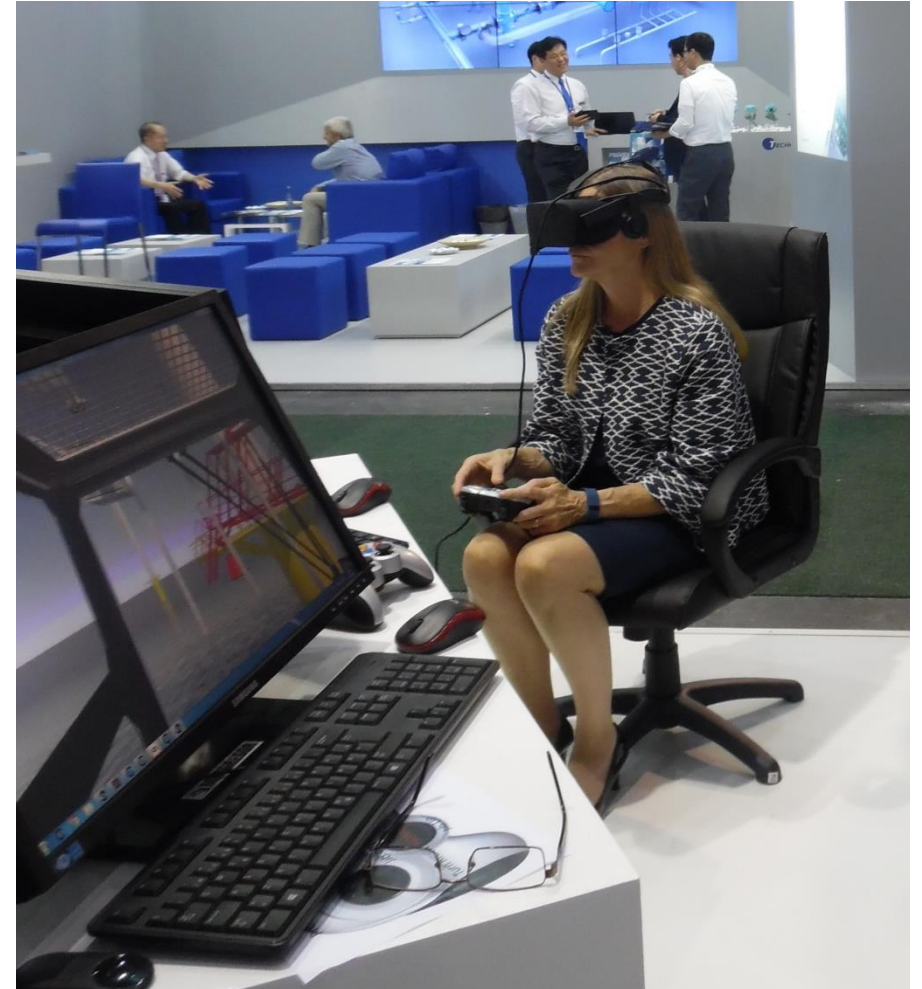
Strategic partnerships and alliances in China

Joint Venture with China State Shipbuilding Corporation (CSSC) in air compressors in China



Summary and conclusions

- Solid track record in cost management during downturn
- Low activity in shipbuilding and offshore industry remains
 - Some positive signs visible, no return to former levels
- Safeguarding profitability and services growth are the top priorities in 2017
- Clear strategic vision as Cargotec business area; leadership in intelligent cargo handling





Introducing C How: simulation and augmented reality tool

Used for wide range of equipment

- High quality 3D visualisation for design, simulations and marketing support
- Simulating equipment control systems
- Equipment training

