



## **Finnish Industrial Days in Singapore - Cargotec - October 31st**

08.30 Welcome & opening Michel van Roozendaal, President, MacGregor

08.35 Peter Cederholm, President, Bromma

09.30 Transportation from Cargotec's office to PSA port

10.00-11.30 PSA visit

11.30 Back to Cargotec office, transportation provided

12.00 Lunch and second presentation by Michel van Roozendaal, President, MacGregor

14.00 End of the event

# Cargotec optimises global cargo flows to create sustainable customer value and a better everyday

 **MACGREGOR**

 **HIAB**



 **KALMAR**

**BROMMA**

# Cargotec - strong global player with a well-balanced business

**Sales:**  
**EUR 3,250 million**  
**EBIT: 8.0%**

**Kalmar**

Sales: **EUR 1,598 million**  
 EBIT: **8.3%** (EUR 133.1 million)

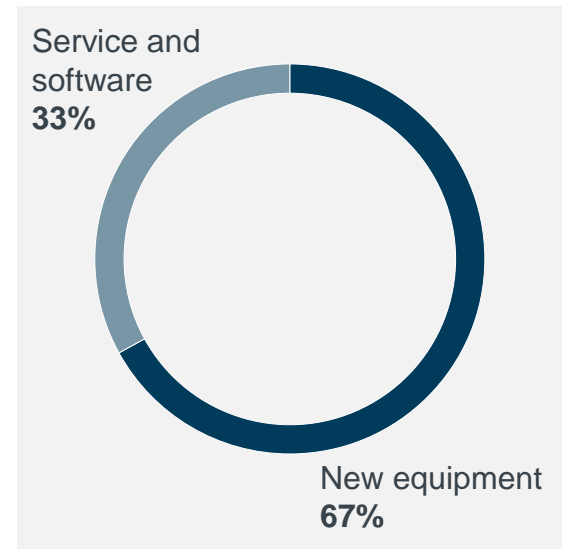
**Hiab**

Sales: **EUR 1,084 million**  
 EBIT: **14.5%** (EUR 157.2 million)

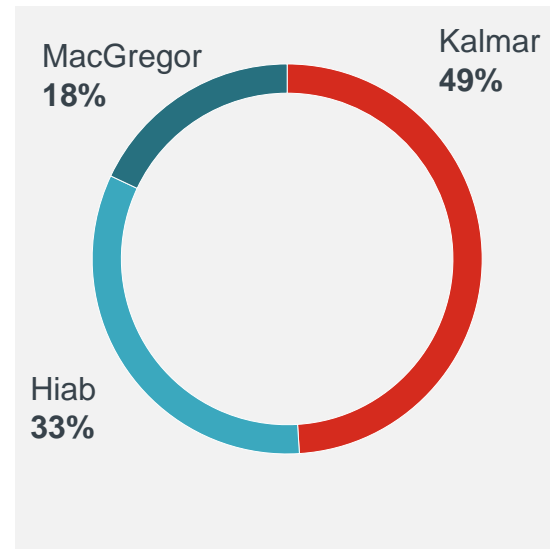
**MacGregor**

Sales: **EUR 571 million**  
 EBIT: **1.9%** (EUR 10.6 million)

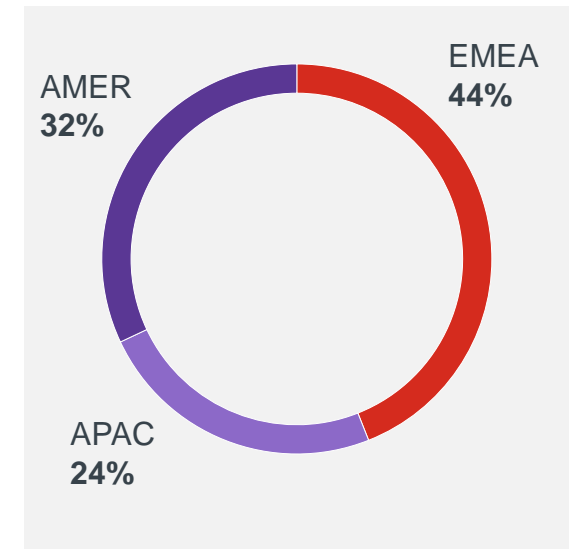
**Sales split: new equipment vs service and software**



**Sales by business areas**



**Sales by geographical area**



## Strengths we are building upon

Leading market positions  
in all segments

Strong brands

Loyal customers

Leading in technology



Figures have been restated according to IFRS 15 and are calculated by using the new definitions for the equipment, service and software businesses announced in March 2018

Figures: 2017  
EBIT % excluding restructuring costs



**Bromma – clear market  
leader in spreaders**

**BROMMA**

*A Tradition of Innovation*



# Contents

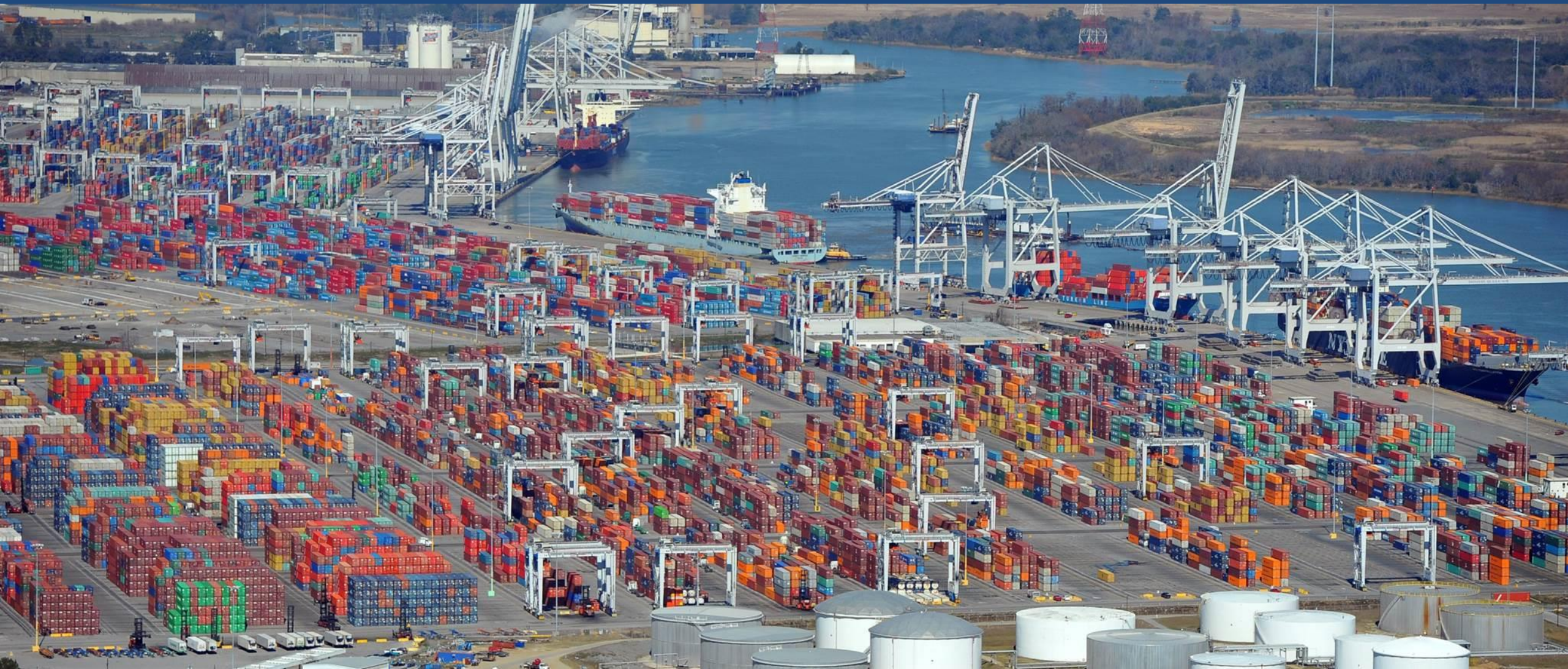
1. Bromma in brief
2. Brand
3. Market and Business Drivers
4. Geographical Order Distribution 2018 YTD
5. Competitive landscape
6. Strategic focus areas

# Bromma in Brief

- Close to 10% of Kalmar total revenue
- Double digit EBIT margins
- Optimizing crane availability through innovative high quality products
- Spreaders and related services for port cranes and mobile equipment



**Our Market consists of seaports and large riverports**





The spreader might appear to be a relatively minor investment for a terminal. In terms of initial investment cost, it probably is. However, in the long run, the choice of spreader provider is a key to develop and maintain a high level of terminal productivity.

**If the spreader doesn't work, the ship won't sail.**



# Complete Spreader Portfolio

Ship-To-Shore

Yard

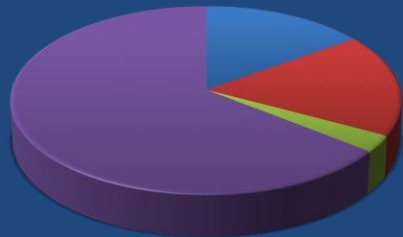


Mobile Harbor Crane

Mobile Equipment

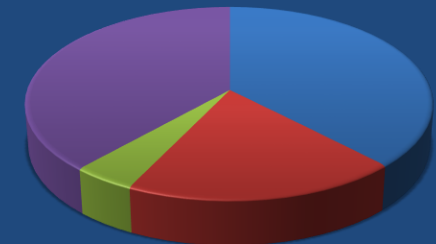


Volume



- ▀ STS
- ▀ Yard
- ▀ MHC
- ▀ MEQ

Value



- ▀ STS
- ▀ Yard
- ▀ MHC
- ▀ MEQ

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# Brand and Market Share

- The most recognized and well-reputed brand in the spreader market
  - Quality (design, production and material)
  - Innovation
  - Environmental leadership
  - Swedish brand
- Market leading position
  - ~50% market share for crane spreaders
  - ~1/3 of world market of mobile equipment spreaders



# Customer needs and expectations in 2021

## Trusted partner

Deep long-term relationships  
Trust-based partnerships



## Uptime / Productivity / Equipment reliability

Reduced costly downtime caused by equipment breakdown (~30%-50% of quay crane breakdowns is spreader related)

Improved productivity, thus less effect on vessel turnaround time



## Environment

Environment hazards such as oil spillage, emission of CO2 addressed  
Reduced power consumption



## Safety

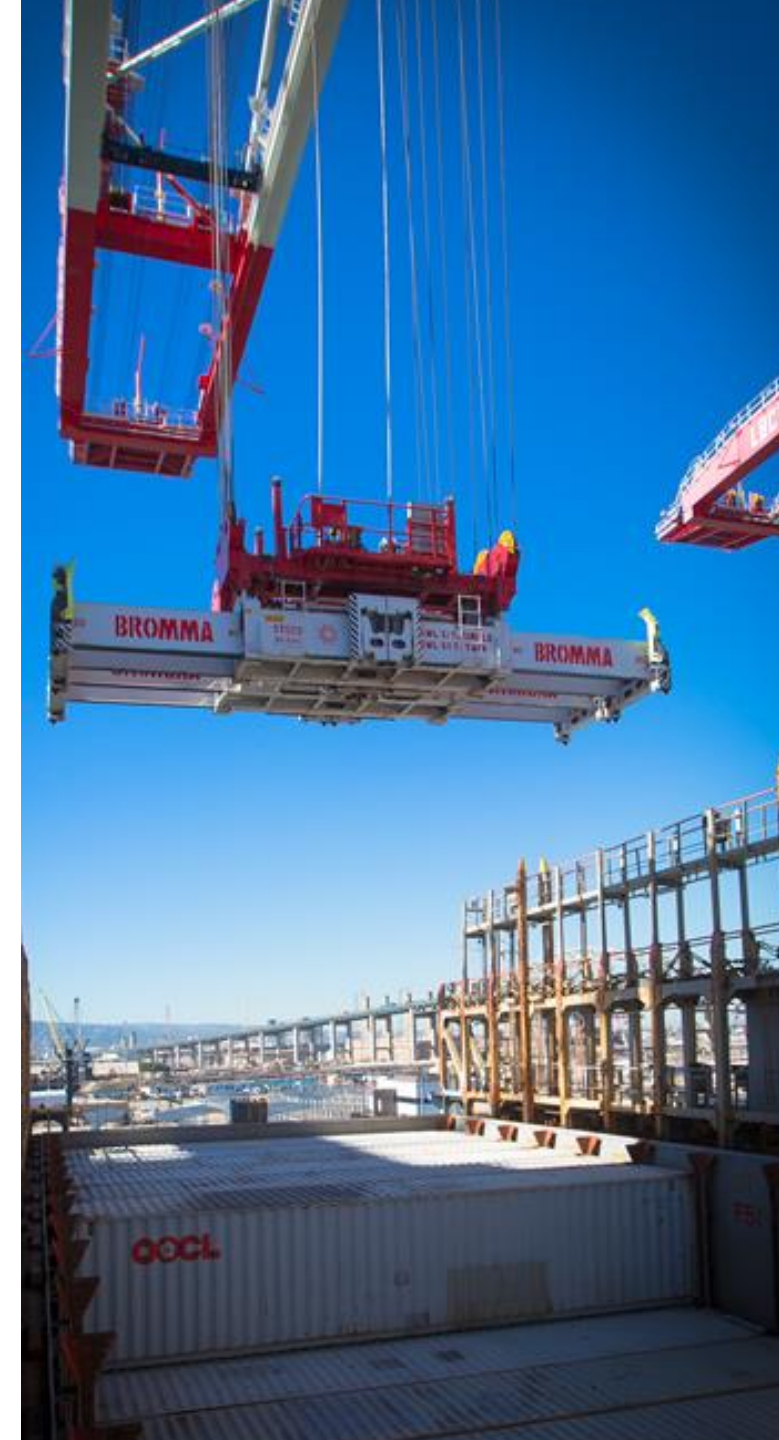
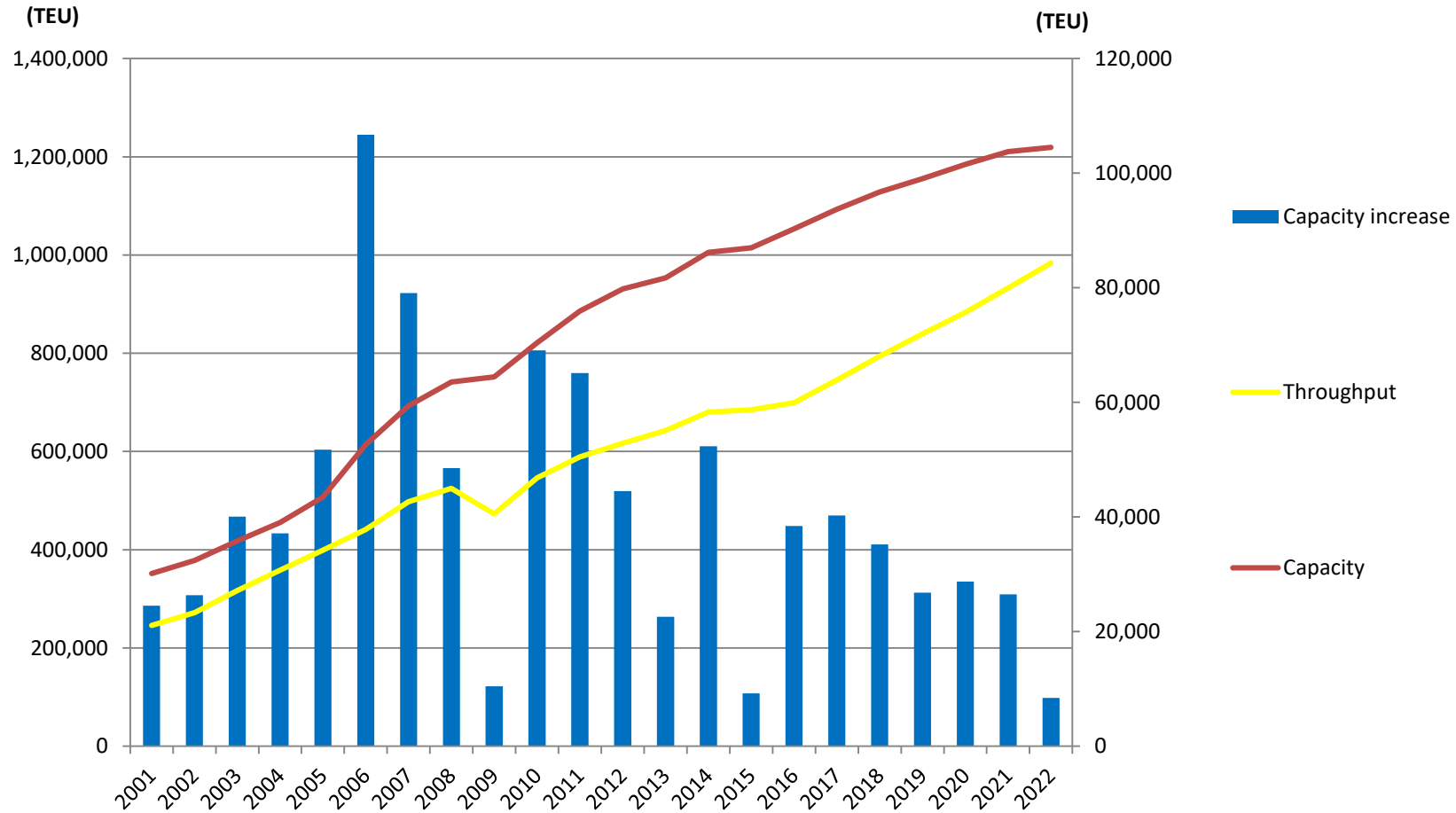
Injuries and fatalities to be avoided  
Address risk of falling hazards from spreaders



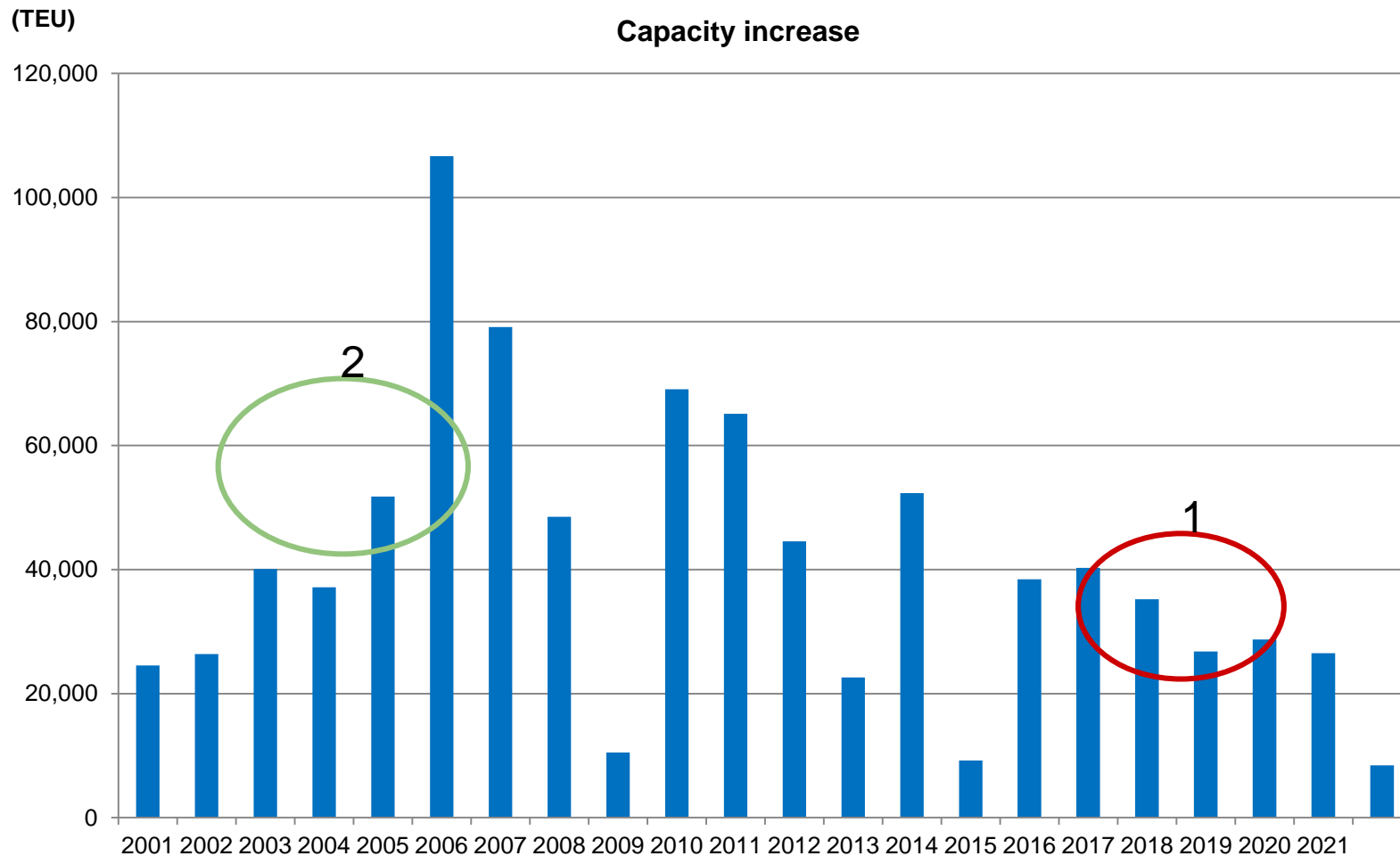
**BROMMA**

*A Tradition of Innovation*

# Global capacity increase drives our market

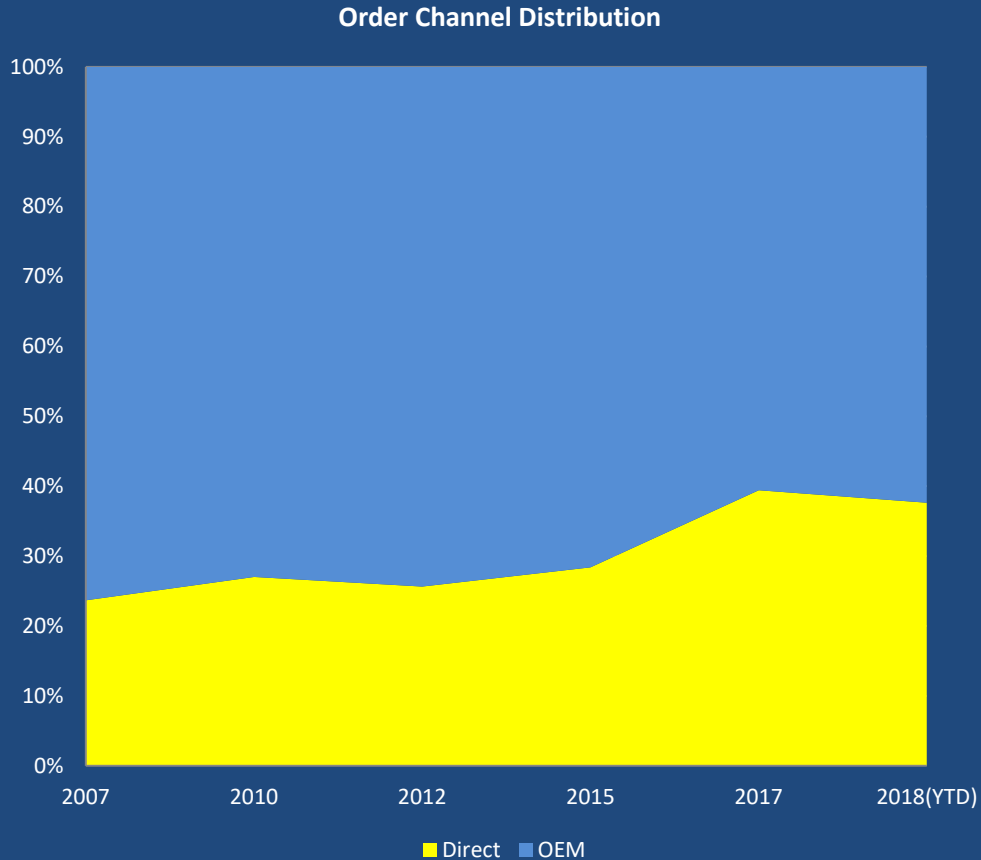


# Replacement market is smoothening out cycles



1. Annual capacity addition
2. Replacement of spreaders purchased 12-15 years ago

# Replacement share of total market is growing



- Increasing share of direct Terminal Operator orders
- Intensified customer interaction
- Equipment replacement, upgrade or refurbishment

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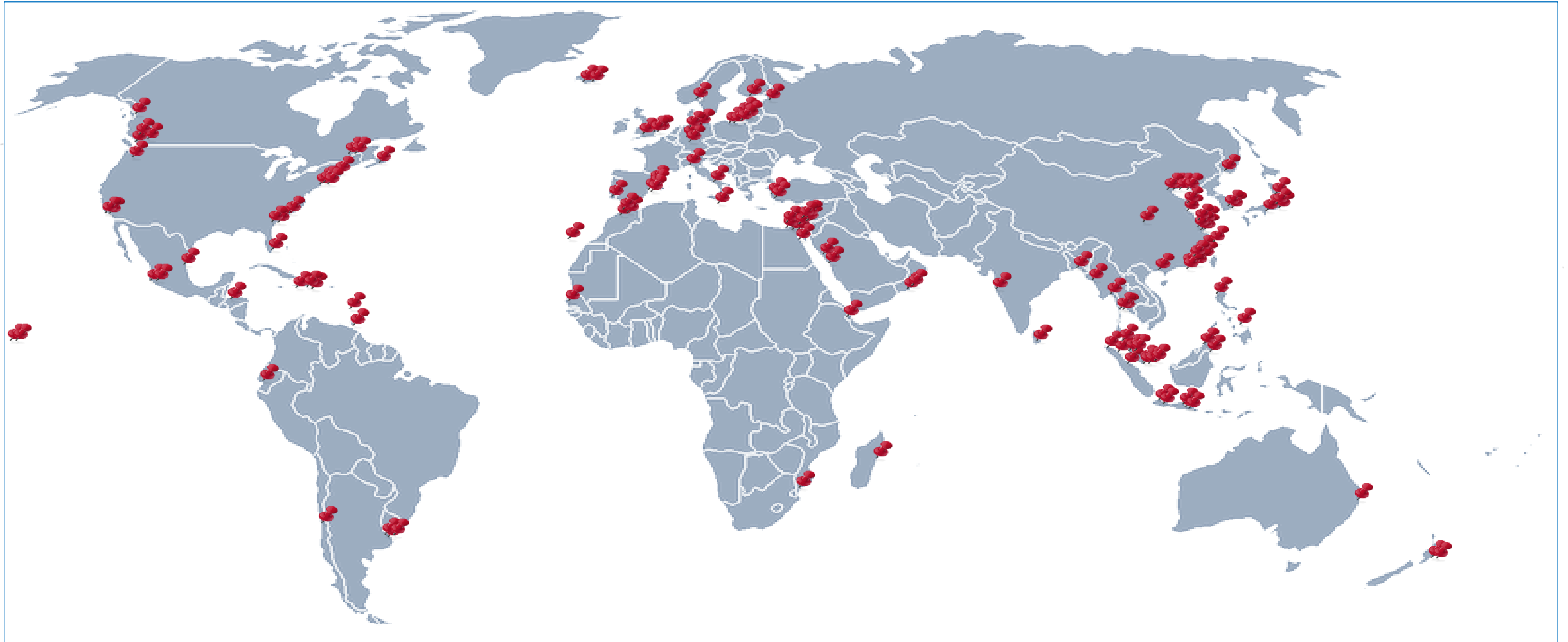
**Bromma is to significantly improve our market position in APAC while sustaining our leading positions in EMEA and AMERICAS.**

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# Global reach with strong local presence

Orders Received Jan-Sep 2018 (excl MHC OEM)



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# Competitors

- ZPMC
- Our biggest customer!
- China based



- Stinis
- Holland based / NL & Malaysia production
- Different spreader design



- RAM
- Singapore based / China production
- Innovation challenger



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# Strategic Focus Areas

- Continue to strengthen our market position in APAC and Greater China
- Sustain our strong position in Americas and EMEA
- Capture the spreader replacement market
- Develop digital solutions and services around the core products
- Secure Bromma's connectivity in the digitalized "systems-of-systems"

# Summary

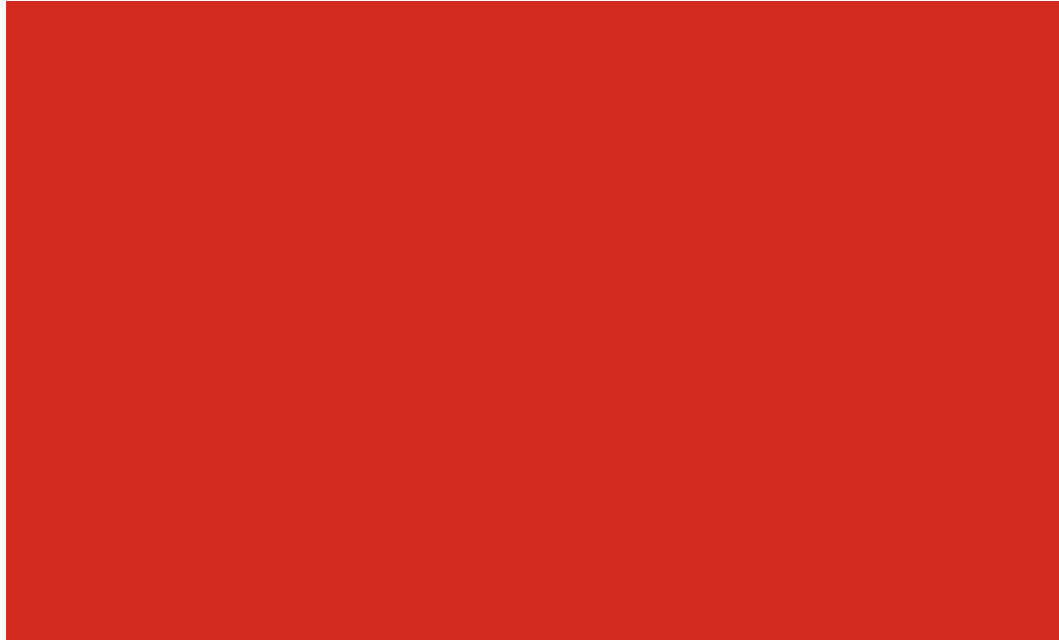
- Clear Market Leader in Spreaders
- Strong Brand built on Innovation and Quality
- Global reach with a strong local presence
- The Spreader - Key in the logistic flow
- Strategic intention to grow in APAC
- The Replacement market requires and enables a more intensified customer interaction

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**MacGregor - the leader in intelligent cargo and load handling**

**Michel van Roozendaal, President**

# Contents

MacGregor in brief and recent progress

Strategic focus 2019 - 2021

Strengthening presence in Asia

M&A activity update





# MacGregor in brief and recent progress

# A leader in all maritime segments

~3/4 of sales

~1/4 of sales

Merchant Cargo Flow	Marine People Flow	Marine Resources & Structures	Naval Logistics and Operations	Offshore Energy
<b>MARKET POSITION #1</b>	<b>#1</b>	<b>#1-2</b>	<b>#1-2</b>	<b>#1</b>
<ul style="list-style-type: none"><li>▪ Container cargo</li><li>▪ Bulk cargo</li><li>▪ General cargo</li><li>▪ Liquid cargo</li><li>▪ RoRo cargo</li></ul>	<ul style="list-style-type: none"><li>▪ Ferry</li><li>▪ Cruise</li><li>▪ Superyachts</li><li>▪ Walk-to-work</li></ul>	<ul style="list-style-type: none"><li>▪ Research</li><li>▪ Fishery</li><li>▪ Aquaculture</li><li>▪ Mining</li><li>▪ Floating structures</li></ul>	<ul style="list-style-type: none"><li>▪ Naval &amp; Military Supplies Logistics</li><li>▪ Naval &amp; Military Operations Support</li><li>▪ Ship-to-ship transfer</li></ul>	<ul style="list-style-type: none"><li>▪ Oil &amp; Gas</li><li>▪ Renewables</li></ul>

## Lifecycle Services



Picture: Statoil



# Services and solutions for Merchant and Offshore vessels



Hatch covers,  
container lashings



Cranes



RoRo access  
equipment



Port and terminal  
solutions



Marine  
selfunloaders



Offshore load  
handling



Fishery and  
research



Deck machinery



Steering gear



Mooring systems



Offloading systems



Bow loading  
systems

# Orders received increased slightly in Q3

Orders received increased by 2%

- 2017 comparative period included a large single order of approximately EUR 25 million
- Service orders +8%

Sales increased +14%

- Service sales +5%

Operating profit\* decreased due to:

- M&A and integration related costs of approximately EUR 1.5 million
- Low capacity utilisation in certain product areas

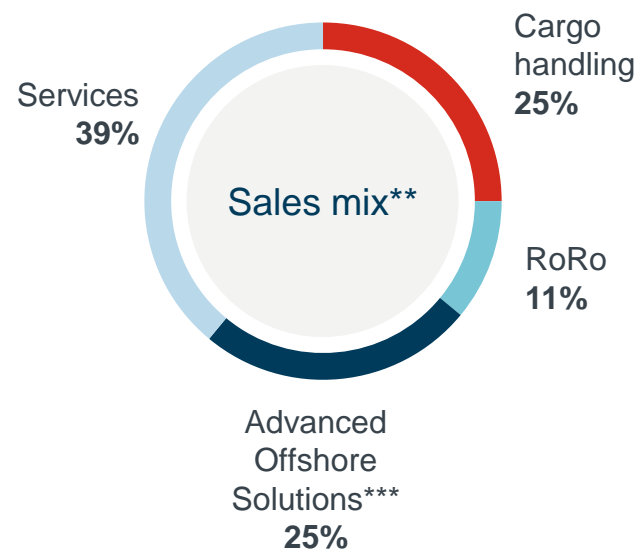
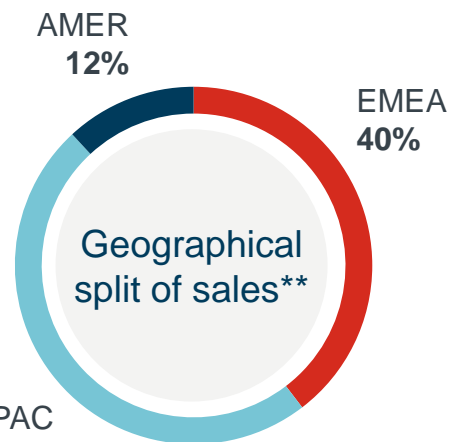
MEUR	Q3/18	Q3/17	Change
Orders received	141	139	+2%
Order book	513	511	+0%
Sales	130	114	+14%
Operating profit*	0.3	2.9	-89%
Operating profit margin*	0.2%	2.5%	-231bps



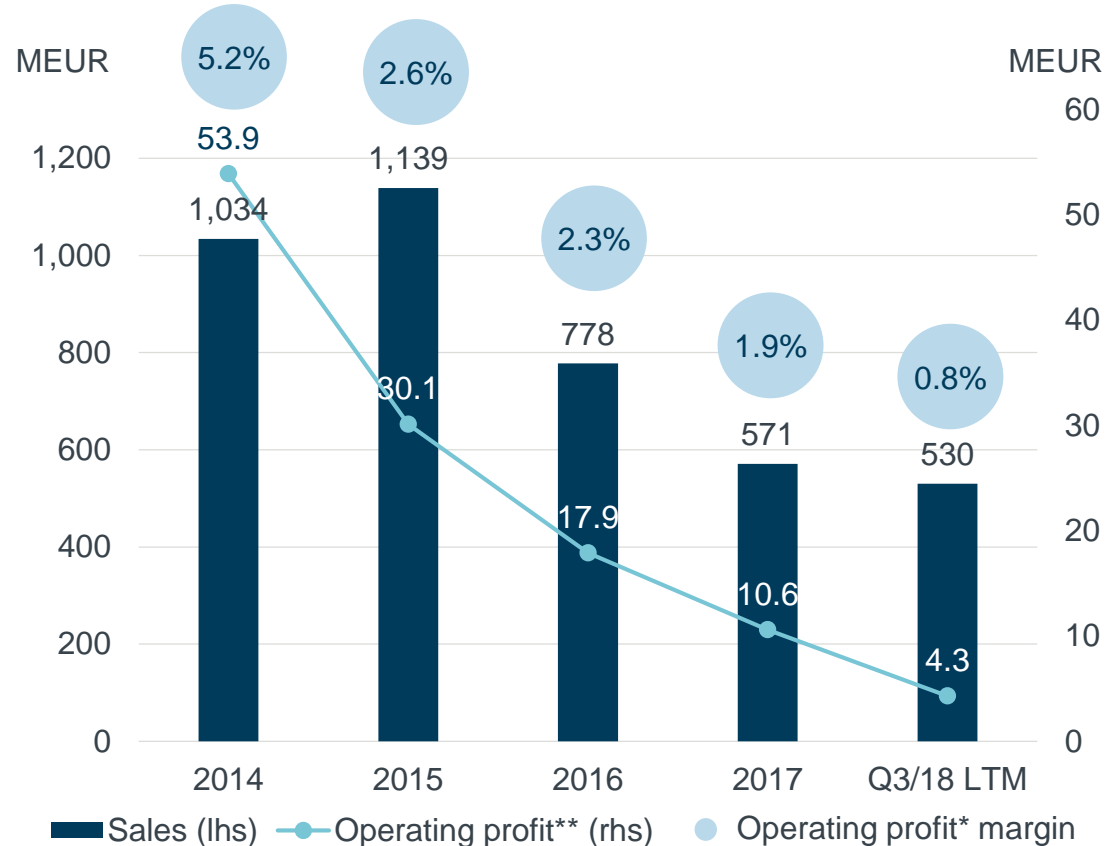
# Q3 LTM figures

**MEUR** **Q3 2018 LTM\*\***

Orders received	<b>521</b>
Order book	<b>513</b>
Sales	<b>530</b>
Operating profit*	<b>4.3</b>
Operating profit margin*	<b>0.8%</b>
Personnel (Q3/18 end)	<b>1,884</b>



# Actions being taken to return operating profit to growth



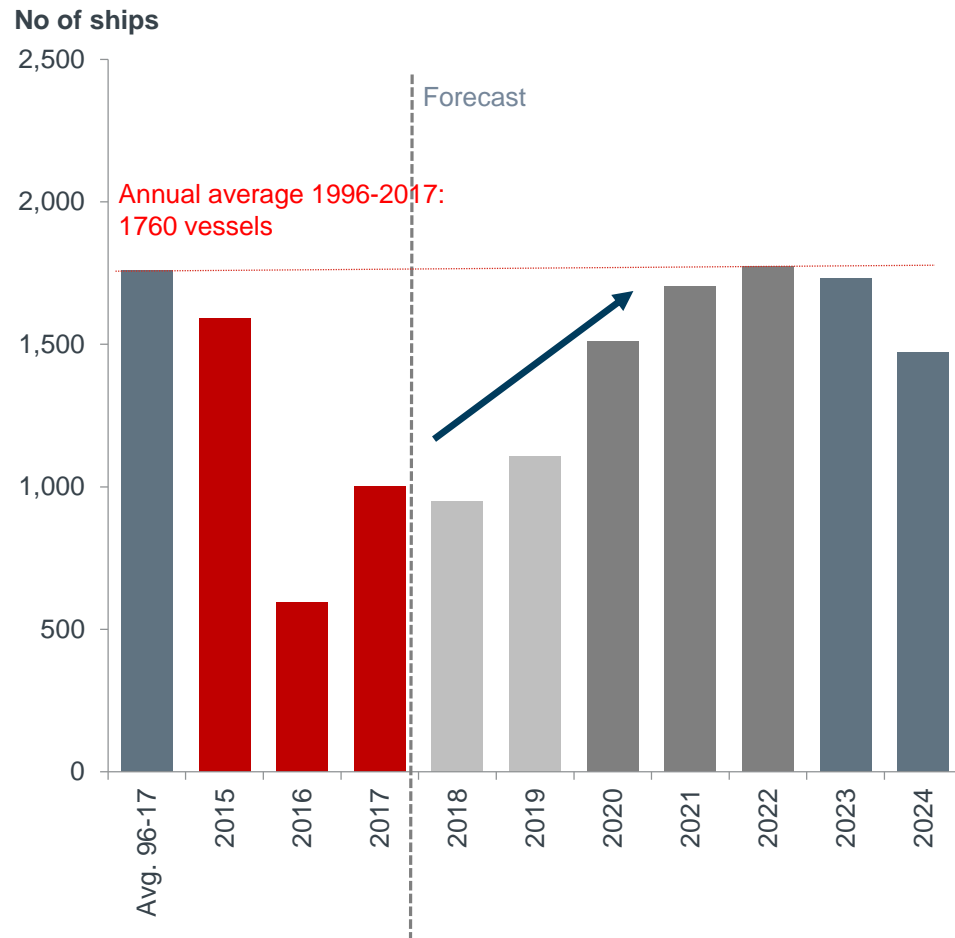
- Reduced full-time equivalents by 170
- Operations reorganised
- Savings of EUR 8 million to end Q3/2018; all planned actions completed
- Continued focus on growing service revenues through aftermarket capture and new offerings
- Low market environment sustained for longer than industry-authority expectation
- Actions taken to safeguard profitability and will potentially take further action

\*Excluding restructuring costs  
 Year 2017 figures have been restated according to IFRS 15

# Markets returning to growth but at a cautious pace

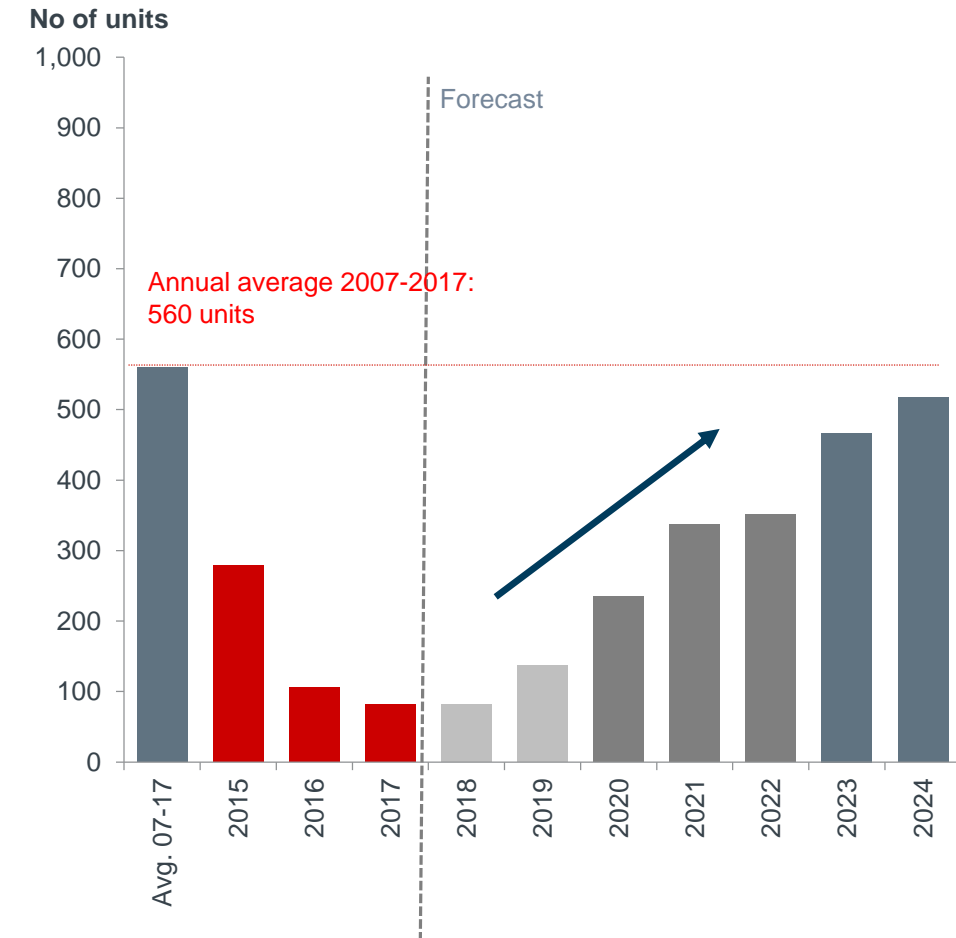
## Long term contracting 2015-2024

Merchant ships > 2,000 gt



## Long term contracting 2015-2024

Mobile offshore units



# Markets returning to growth but at a cautious pace

Seaborne trade forecast  
to grow +3.8% pa  
between 2018-2023

Source: UNCTAD

Container and dry bulk  
trades growing fastest

Source: UNCTAD

Impact of 2020 low  
sulphur regulations on  
non-compliant vessels

Oil price >US\$75/bbl with  
material reduction in  
offshore project costs

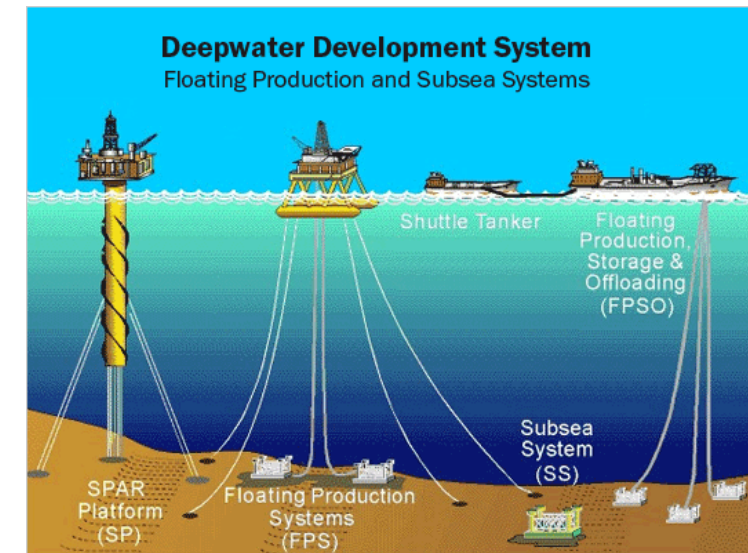
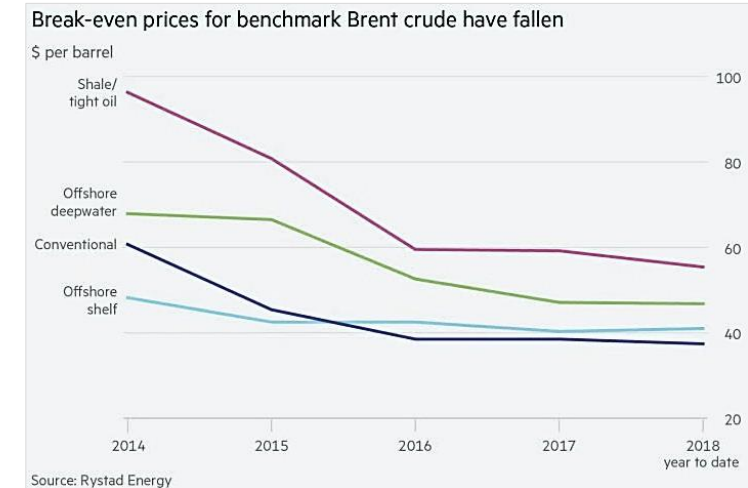
Offshore E&P spend  
forecast to increase by  
10% in 2019

Source: Pareto

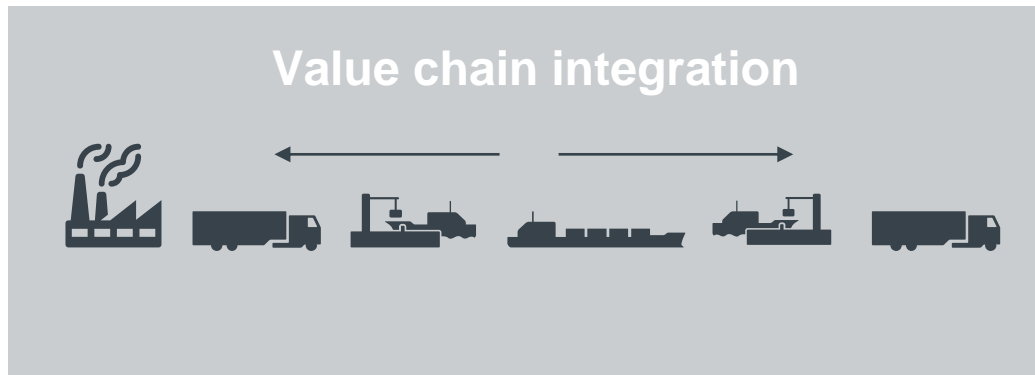
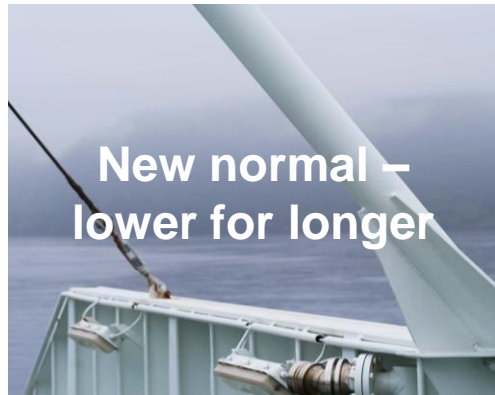
# Offshore market slowly coming back

- Andy Brown, Shell's Head of Exploration & Production says that energy industry sentiment has "flipped" back from US shale to deepwater
- The industry has achieved fundamental cost reduction and boosted deepwater productivity through advanced technology and using existing infrastructure more efficiently
- As a result, some projects which previously required high crude oil prices to be profitable are seeing a 'transformation', with significantly more cash flow potential than US shale

Source: Financial Times, August 2018



# Market trends imply a 'new normal' where strong relationships, efficiency and lifecycle value-added are critical for success





# Our customers expect and require us to be knowledgeable, competitive and responsive



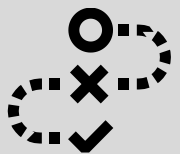
Comprehensive understanding of customer business, throughout lifecycle



'Good enough', competitively priced products



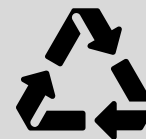
Responsive, reliable, global service & support



Developing intelligent solutions that fully meet customer needs



Easy to do business with



Help in complying with sustainability requirements

# Three generic ship types envisaged to coexist:

## Prototype

- Bespoke with each design slightly different
- Low capex and 'good enough' preferred
- Supports 'one-off' newbuilding projects



## Standardised

- Driven by owner and shipbuilder need for cost and production efficiency
- Standardised designs with potentially shorter lifecycle
- Performance optimised power, propulsion and cargo handling systems
- Automation of hazardous operations



## Intelligent

- Specification driven by lifecycle earning potential with optimal power, propulsion and mission critical system configuration
- Automated, autonomous or remotely controlled operation
- Maritime capabilities and skills moved from onboard to land based centre





## Strategic focus and priorities

# The leader in intelligent maritime cargo and load handling

By 2021 MacGregor will be...

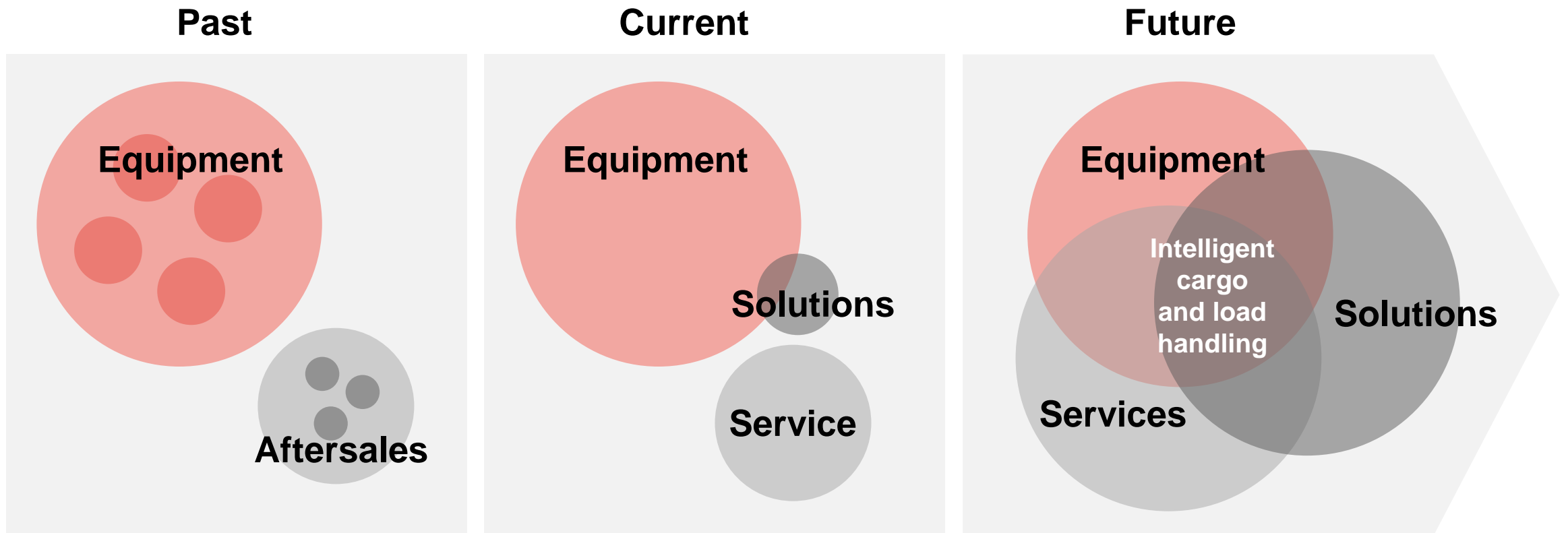


The preferred provider of lowest total cost for shipyards



The preferred partner creating highest lifecycle value for owners and operators

# Transforming from being product centric to customer centric, with a greater balance between equipment, services and solutions



# Continuing focus on cargo and load handling - expanding from equipment and services to intelligent solutions and into new market segments



# Four must-win battles during 2019 - 2021 aligned to Cargotec must-win battles

**Build on  
customer centricity**



**Understand –  
Care – Serve**

**Grow in intelligent  
services**



**Next level  
performance**

**Enhance  
way of working**



**Fit for growth**

**Engage and  
empower people**



**Collaborate –  
Learn – Inspire**



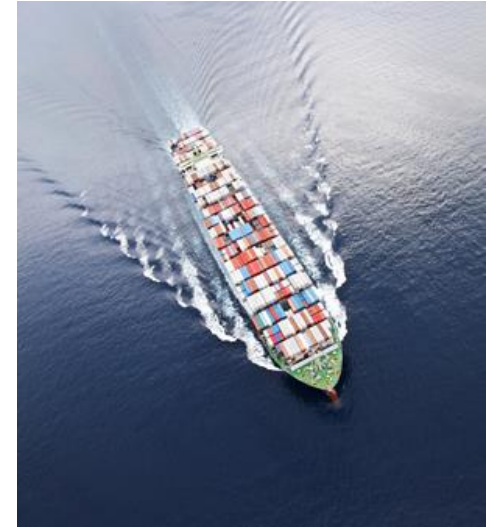
# Digitally enhancing our services, focused on increasing industry and customer productivity and efficiency





# Cargo Boost: increasing payload capacity, earning potential and safety

- Calculation tools and analysis determine which design concept will deliver the highest earning potential for the ship's cargo profile
- Optimal cargo system designed and delivered
- Supported in operation to achieve calculated efficiency gains
- 94 containership upgrades (EUR 32m) completed for multi-national owners in Chinese and South Korean yards over the past 3 years



# Breakbulk Optimiser - increasing operational efficacy

- Increases earning potential
- Improves asset utilisation rates
- Monitors cargo stowage performance indicators
- Reduces complex planning processes
- Improves information transparency



# Safer, more efficient discharging cranes for bulk carriers

## Solution drivers:

- New revenue earning models & cost efficiency
- Safety
- Sustainability

## Customer benefits:

- Safer, more efficient operation
- Driverless operation - automatic cargo unloading
- Improved operator working conditions

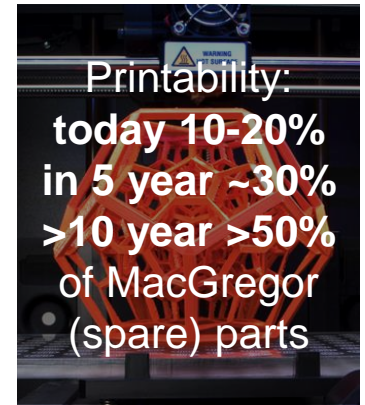


# 3D printing to reduce spare parts costs and improve availability

## Produce 3D objects layer-by-layer



## Potential for the marine industry



## Advantages

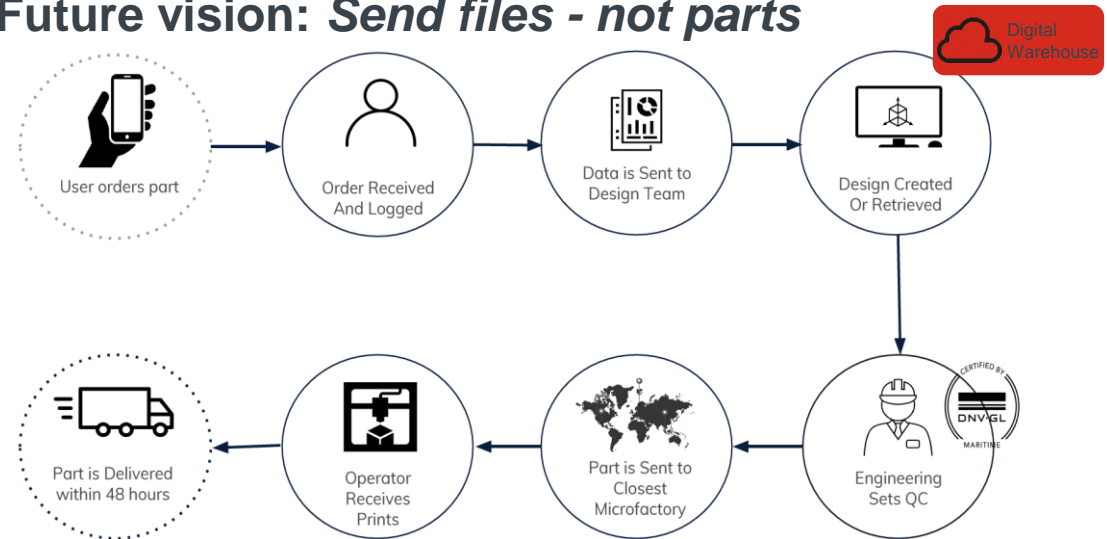
- Complex geometries
- On demand production
- Customization and "long tail"
- Waste reduction



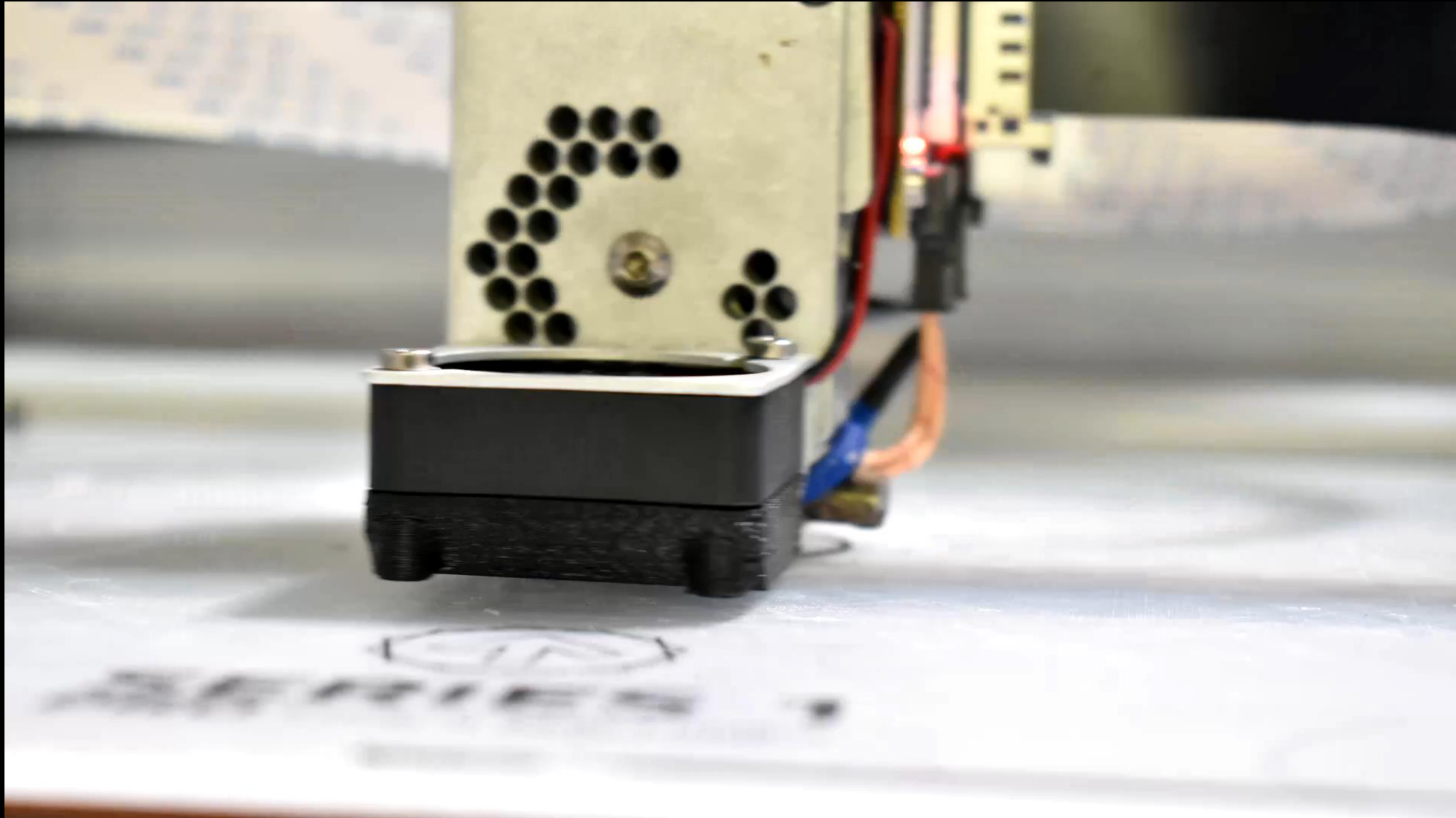
## Disadvantages

- Production speed
- Price and economies of scale
- Size constrains
- Limited materials

## Future vision: Send files - not parts



## 3D printing via *Fused Deposition Modelling* (FDM)



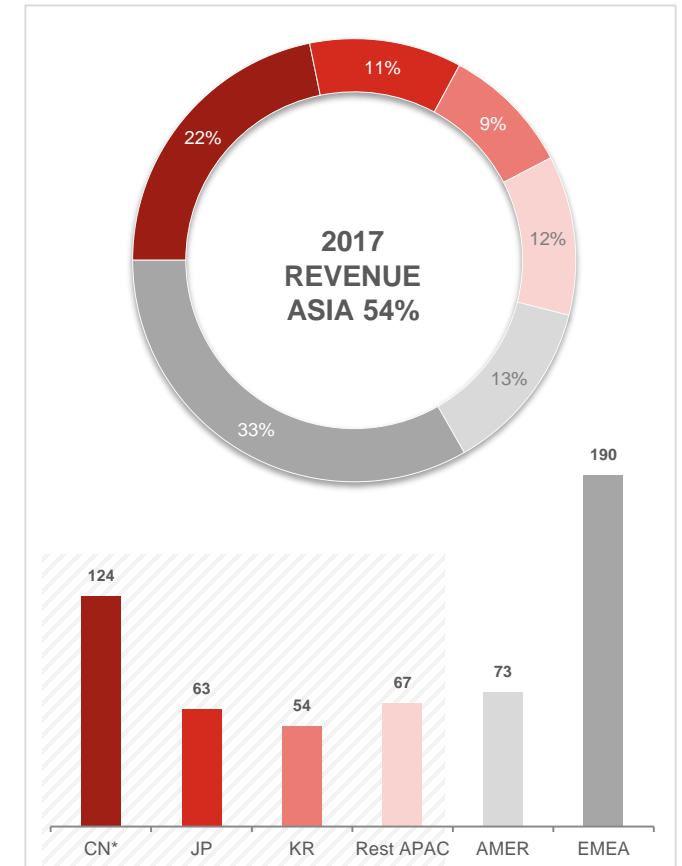


**Strengthening  
presence in Asia**

# MacGregor Head Office established in Singapore

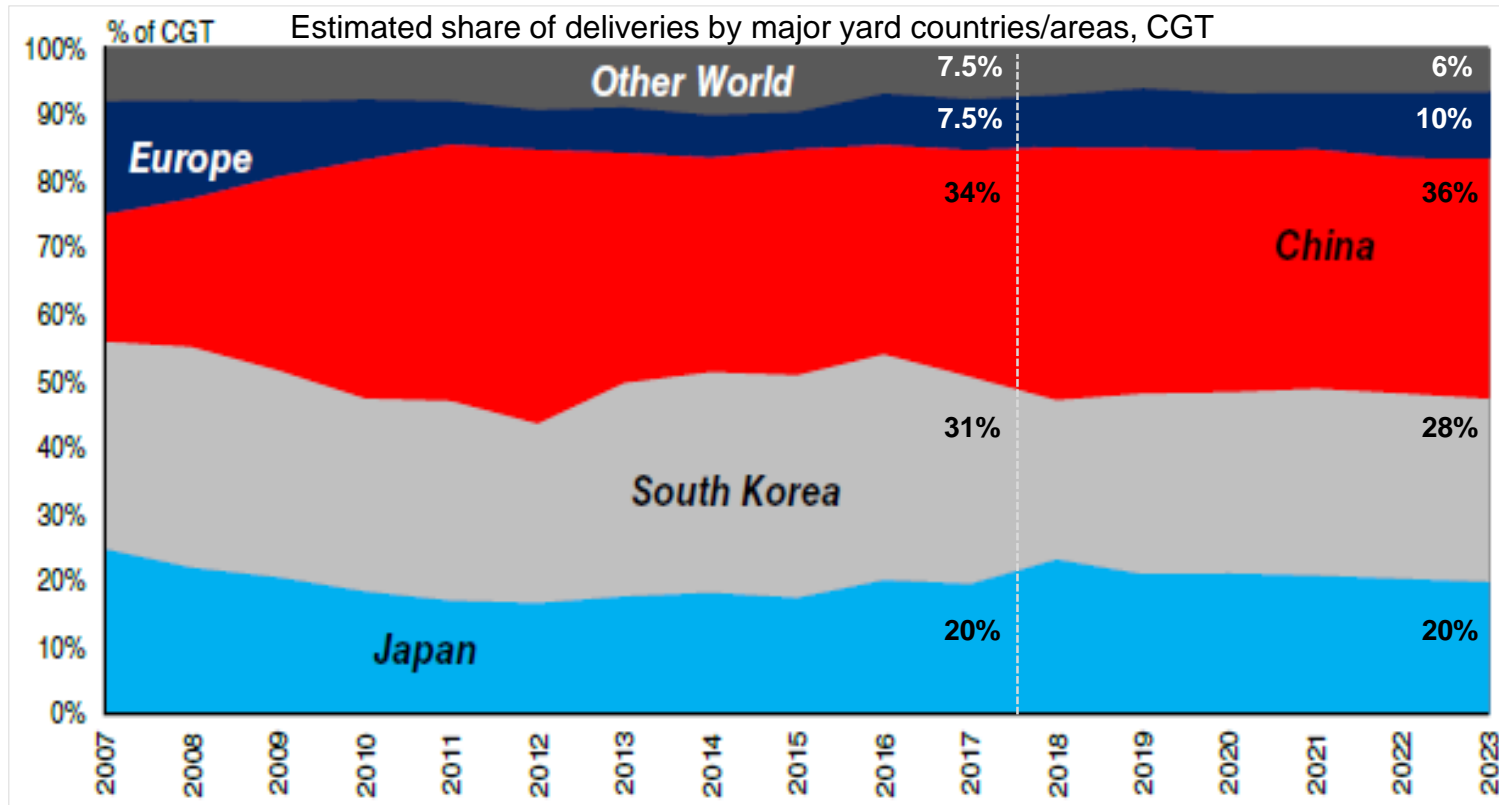
- Singapore is a strong, globally significant hub investing to further deepen the maritime cluster, advance digital capabilities and develop a multi-skilled workforce
- MacGregor has been present in Singapore since 1974 and currently employs 111 personnel in regional sales, service and support roles
- Global Head Office moved to Singapore in November 2017 to further strengthen and expand presence in Singapore and Asia:
  - Supports strategic intent to be closer to customers
  - More than 80% of world shipbuilding takes place in Asia
  - Growing ship owning community

## Singapore – the leading maritime capital

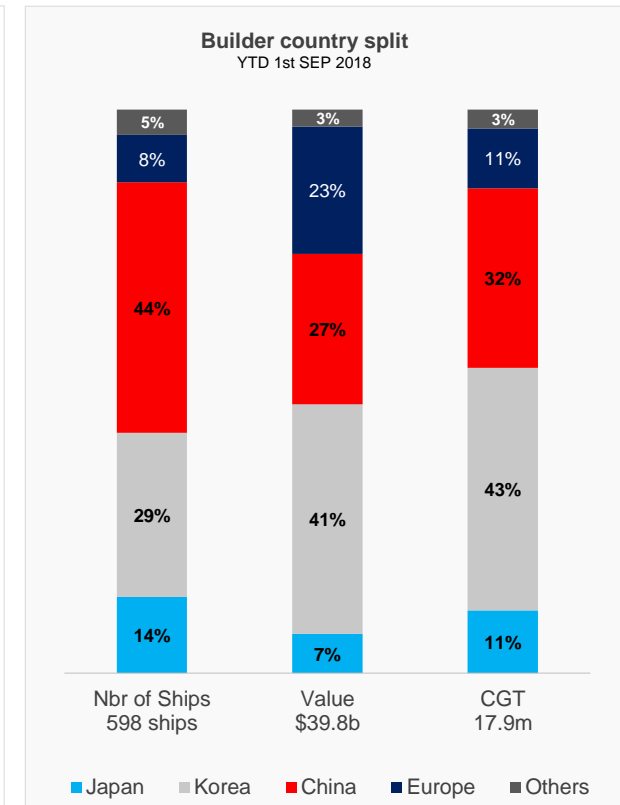


# China and Korea competing for No.1 shipbuilder position

## Korea remains a key player focused on large and high-end ships



Source: Clarkson



Korea Ocean Business Corporation launched support in July 2018

- Invest in new ships, provides guarantees, purchase-recharter used ships etc.
- Support newbuild of 200 vessels for domestic shipping co over next 3 years.



# Strengthening our position in China

- Fully empowered MacGregor organisation established in China
- China State Shipbuilding Corporation (CSSC) and China Shipbuilding Industry Corporation (CSIC) are the two major state-owned shipbuilding companies
- MacGregor opened its first joint venture with CSSC in April 2018: CSSC Nanjing Luzhou MacGregor Machinery Co. Ltd.
- Further cooperation potential in cargo securing systems and offshore capabilities being considered
- TTS has a strong position with both CSSC and CSIC through three strategic joint ventures





# TTS acquisition update

# Acquisition of TTS marine and offshore business

## Strategic rationale

Service growth potential

Strengthening MacGregor's position in China

Based on preliminary estimates, potential cost synergies are estimated to be around EUR 30-35 million annually

## Businesses being acquired

Employs 900 people

Sales approximately EUR 211 million in 2017\*

Services 26% of revenues

## Acquisition

Acquired businesses represent approximately 90% of total TTS Group sales

Enterprise value EUR 87 million

The acquisition is subject to regulatory approval from competition authorities

# TTS acquisition timeline

**February 8<sup>th</sup>**

Asset Sale Agreement signed

**March 12<sup>th</sup>**

TTS shareholder approval

**May**

Regulatory filings submitted

**May - Sept**

Regulatory responses and information requests

**Q4**

Regulatory approval expected in all jurisdictions

Estimated transaction completion

## In summary

- MacGregor is leading the development of intelligent maritime cargo and load handling
- Successfully managing costs with actions taken to safeguard profitability, and will potentially take further action
- Merchant and Offshore markets are recovering cautiously
- Head Office in Singapore strengthens presence closer to Asian customers
- TTS acquisition supports future growth and profit improvement potential





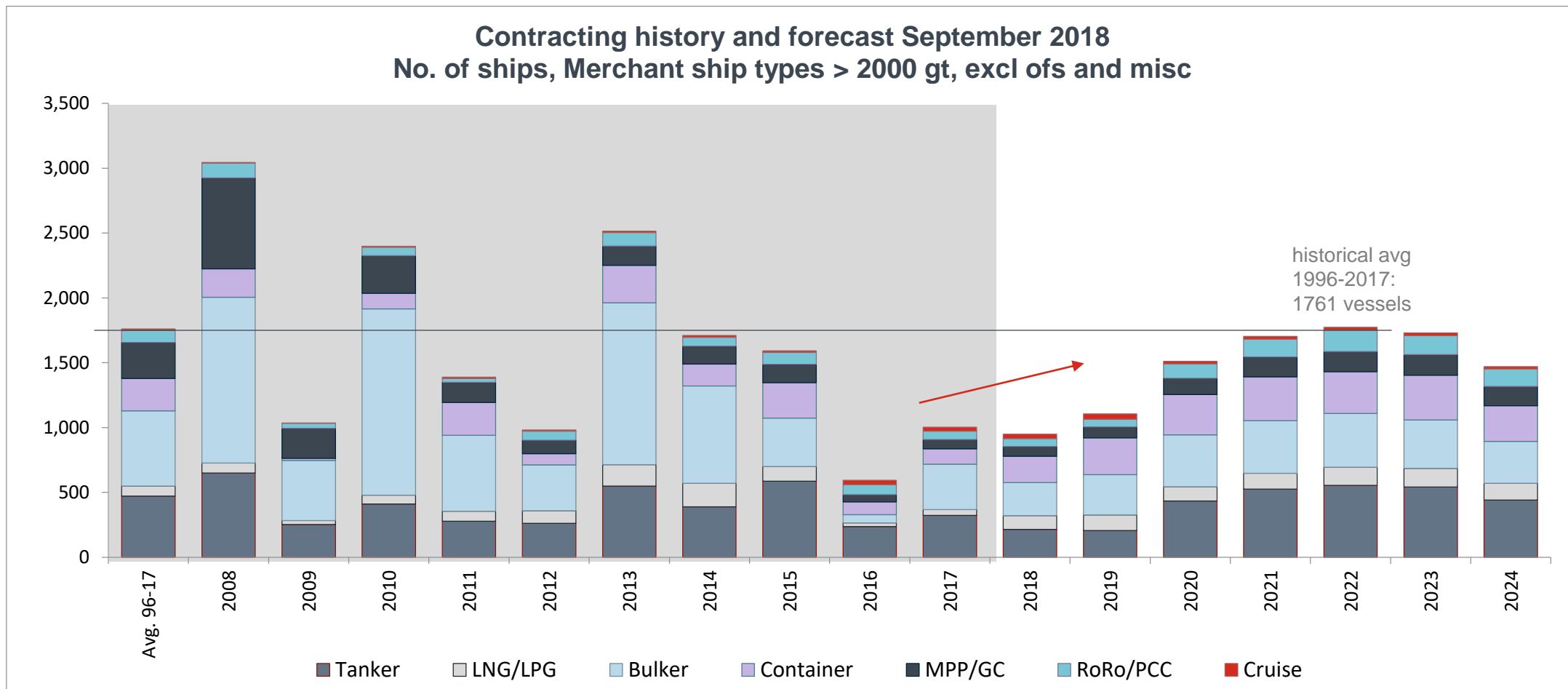
**MACGREGOR**

**Designed to perform with the sea**

# MacGregor appendix

# Merchant ships: Contracting forecast by shiptype (no of ships)

Merchant ship types > 2000 gt, base case

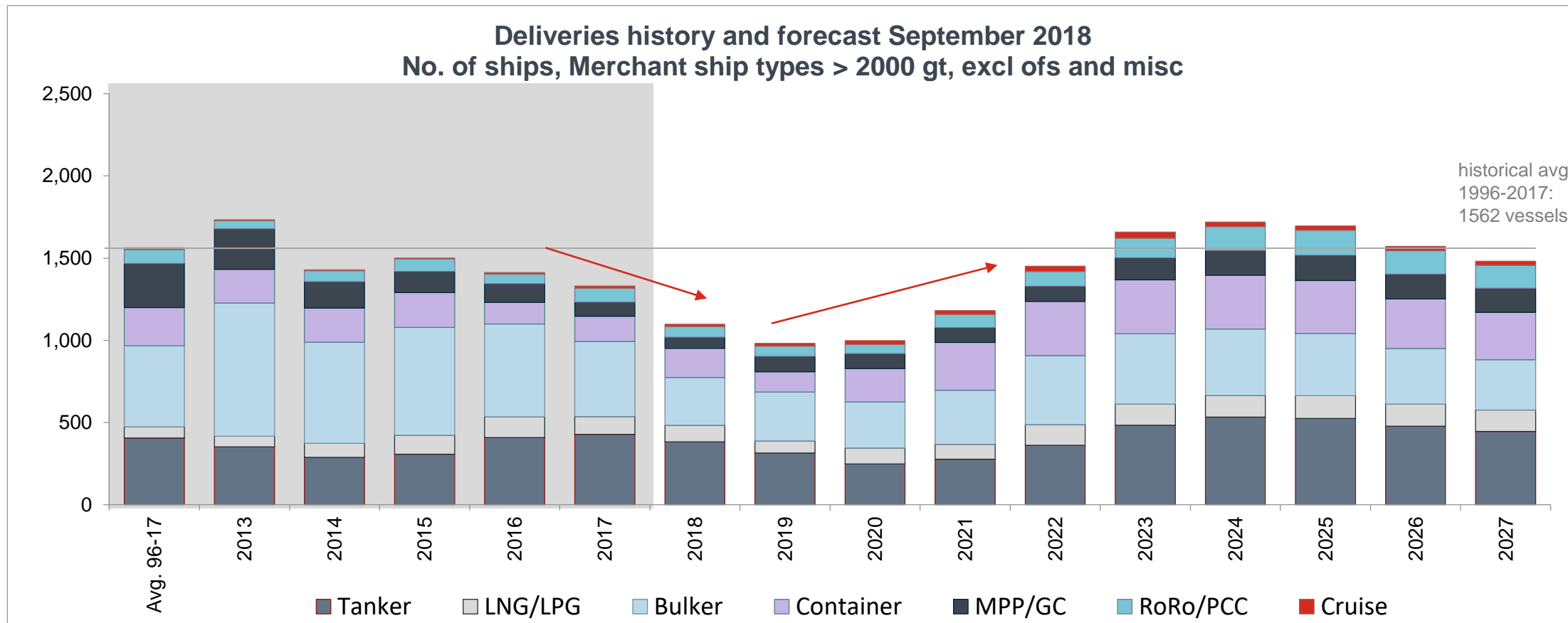


Source: Clarksons September 2018



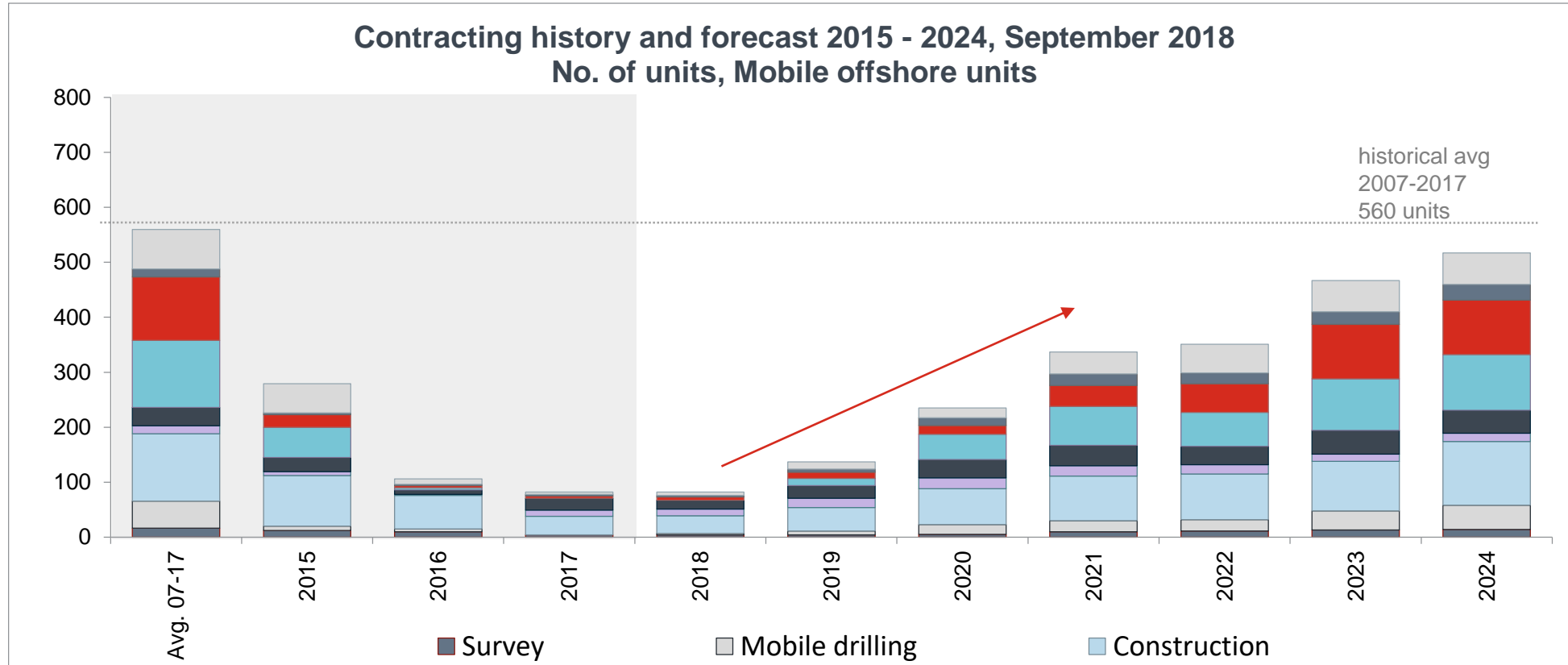
# Merchant ships: Deliveries forecast by shiptype (no of ships)

Merchant ship types > 2000 gt, base case



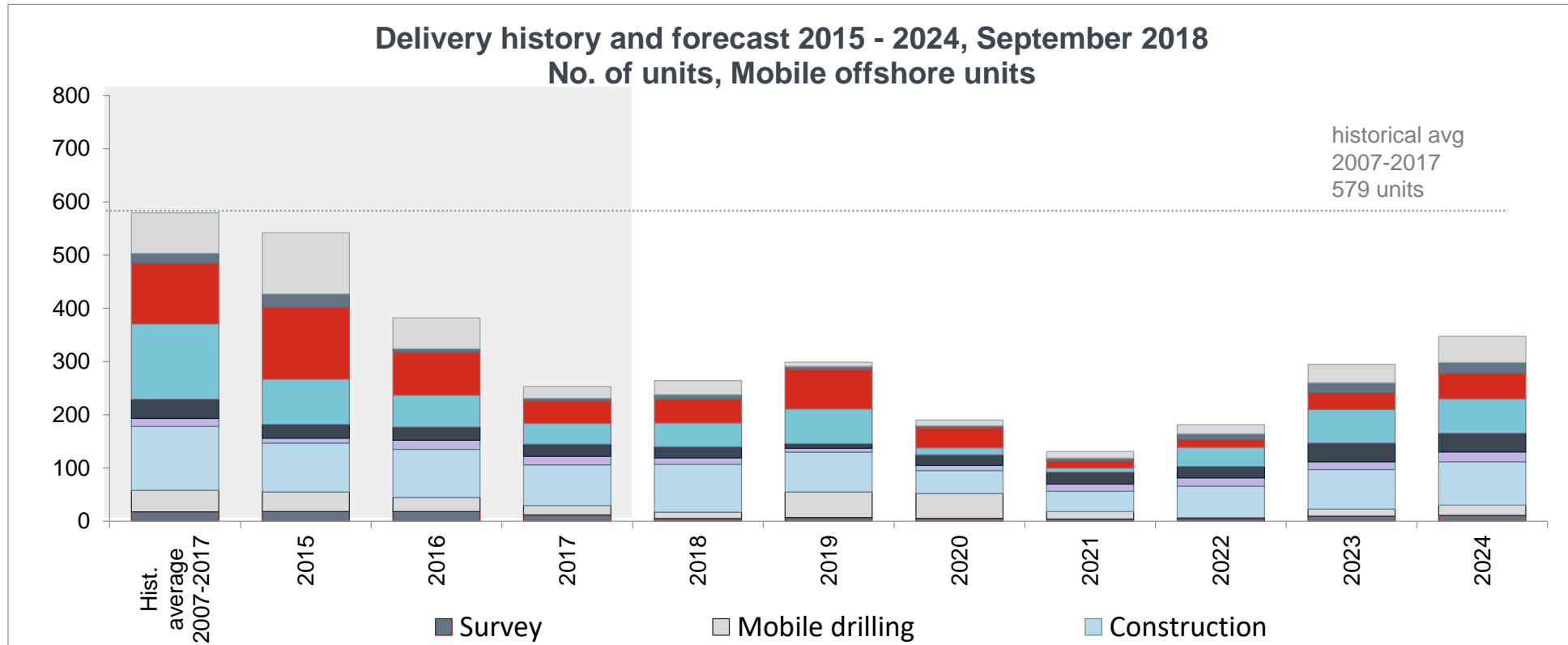
Source: Clarksons September 2018

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



Source: Clarksons September 2018

# Offshore mobile units: Deliveries forecast by shiptype (no of units)



Source: Clarksons September 2018

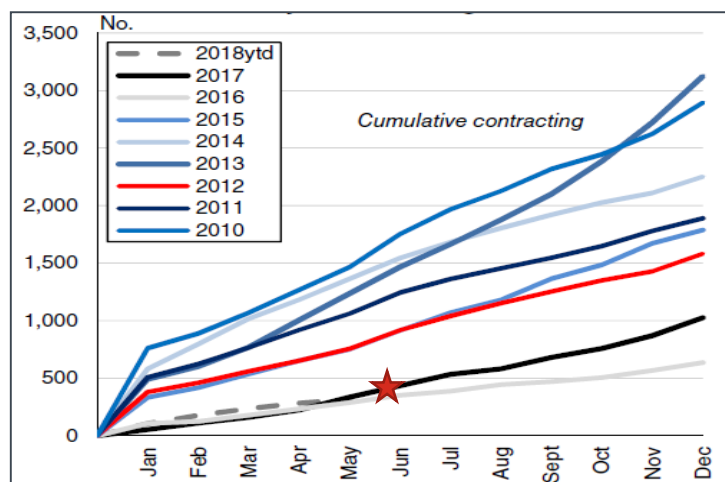
# Shipbuilding – Contracting

ships >2000 gt/dwt

Global Contracting Activity (1st June 2018)												
	No.				\$bn				m. CGT			
	2016	2017	2018ytd	%y-o-y*	2016	2017	2018ytd	%y-o-y*	2016	2017	2018ytd	%y-o-y*
<b>TOTAL (&gt;2,000 Dwt/GT**)</b>	<b>636</b>	<b>1,026</b>	<b>319</b>	<b>-25%</b>	<b>37.4</b>	<b>66.9</b>	<b>24.2</b>	<b>-13%</b>	<b>13.6</b>	<b>26.4</b>	<b>10.2</b>	<b>-8%</b>
<b>Vessel Type</b>												
Bulkers	67	336	79	-44%	3.1	10.4	2.6	-39%	2.0	7.6	1.9	-39%
Tankers	218	321	81	-39%	6.4	14.7	4.2	-31%	3.6	8.0	2.3	-32%
Containerships	96	118	56	14%	2.8	5.9	3.6	46%	1.9	3.5	2.0	39%
Gas Carriers	27	42	33	89%	2.4	4.0	4.0	139%	0.9	1.6	1.9	187%
Offshore	60	40	15	-10%	2.3	7.7	1.9	-40%	0.6	0.9	0.4	14%
Others	168	169	55	-22%	20.3	24.2	7.8	-22%	4.5	4.8	1.6	-20%
<b>Builder Country</b>												
China	263	516	155	-28%	8.8	19.1	7.2	-9%	4.9	11.0	3.6	-22%
South Korea	76	194	89	10%	4.4	17.0	8.3	17%	2.3	7.3	4.3	40%
Japan	120	123	36	-30%	3.8	4.6	2.1	9%	2.2	2.4	1.1	13%
Europe	116	85	28	-21%	18.8	22.7	5.6	-40%	3.6	3.9	1.0	-39%
Other	61	108	11	-76%	1.6	3.5	1.0	-33%	0.6	1.9	0.2	-70%

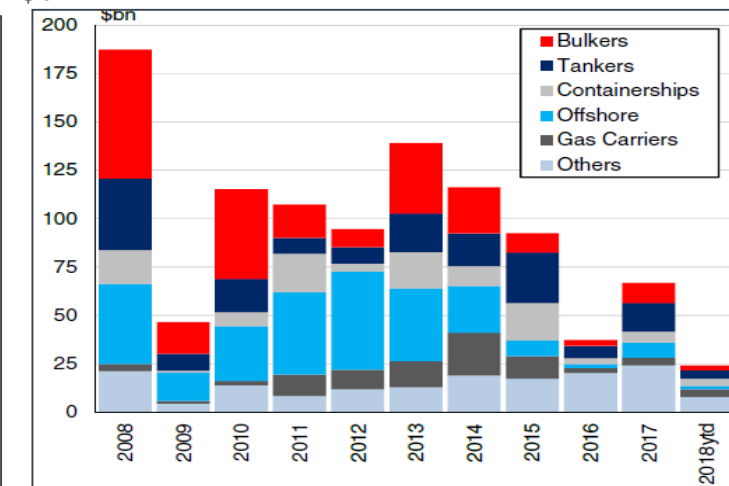
Contracting Volumes 2009-2017

no. of ships

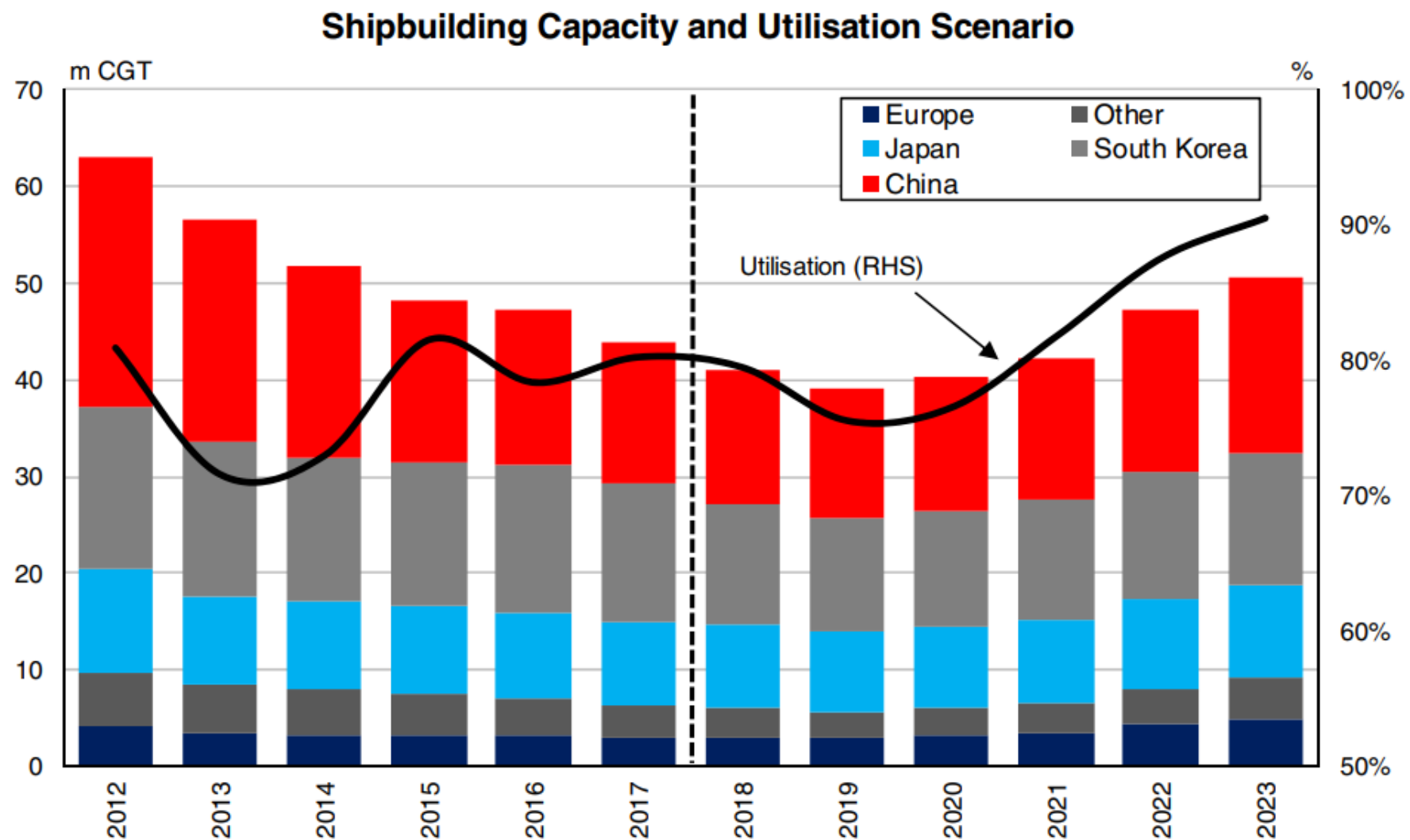


Estimated newbuilding investment

\$bn



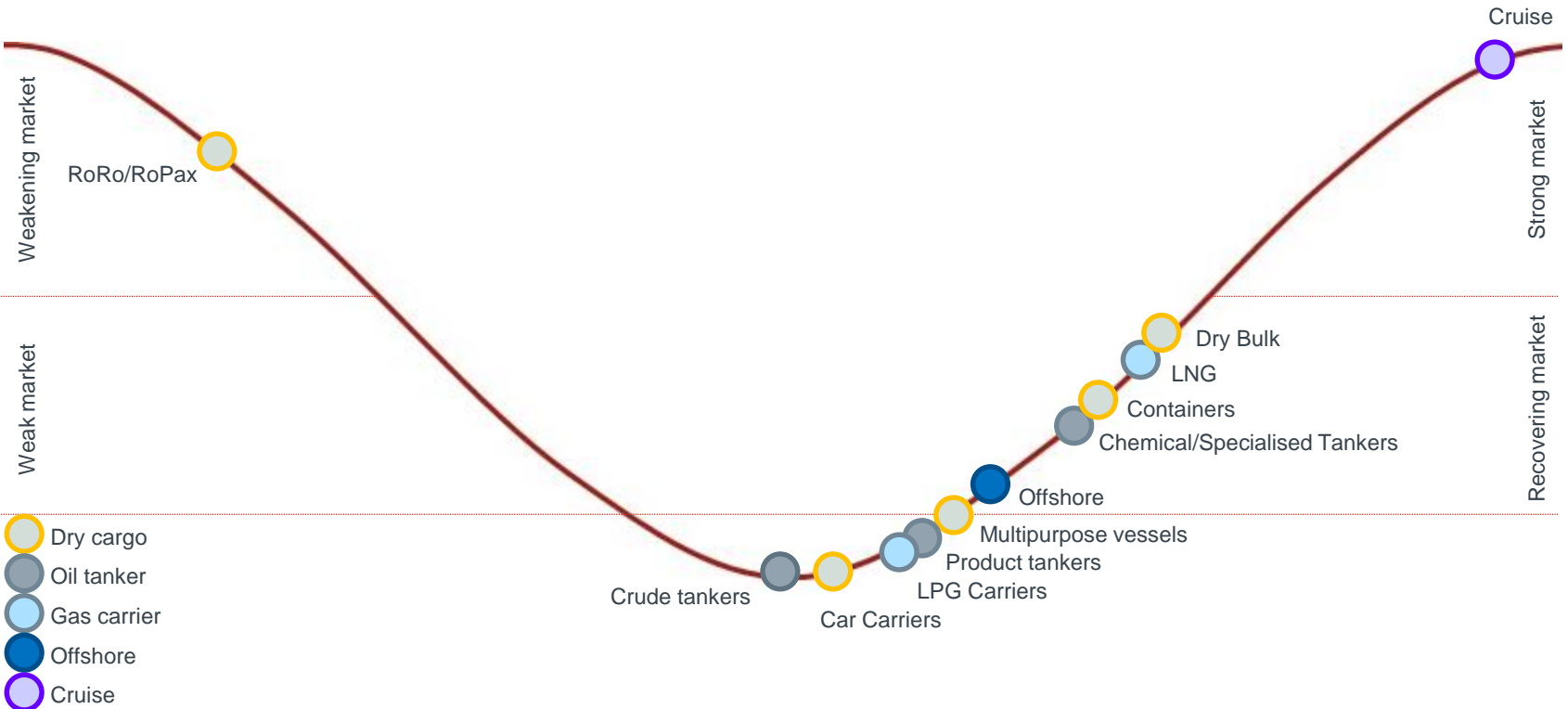
# Shipbuilding capacity and utilisation scenario



# Markets recovering slowly

## Shipping cycle positions; freight/earnings cycles

indicative, timeline of each cycle not defined and varies



Source: internal & Clarksons September 2018

# Disclaimer

Although forward-looking statements contained in this presentation are based upon what management of the company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. These statements are not guarantees of future performance and undue reliance should not be placed on them. The company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.

All the discussion topics presented during the session and in the attached material are still in the planning phase. The final impact on the personnel, for example on the duties of the existing employees, will be specified only after the legal requirements of each affected function/ country have been fulfilled in full, including possible informing and/or negotiation obligations in each function / country.

