



Hiab Investor Day 1 December 2017

Pioneering Hiab

well positioned for further profitable growth



Agenda

10:00 – 10:05 Welcome

Hanna-Maria Heikkinen
VP, Investor Relations, Cargotec

10:05 – 11:30 Pioneering Hiab

Presentation and interactive Q&A
Led by Roland Sundén, President, Hiab

11:30 – 11:50 Demo Sessions

Connected Solutions

- HiVision™
- HiConnect™

11:50 – 12:00 Closing

Presenters



Roland Sundén
President, Hiab



Simon Greaves
CFO, Hiab



Anna Almlöf
VP Services



Jan-Erik Lindfors
VP, New Business
Solutions



Tomas Dziugelis
Director, NBS



Magnus Pettersson
Sr. Manager, NBS

Well positioned for further profitable growth

Accelerated our growth and delivered strong business results

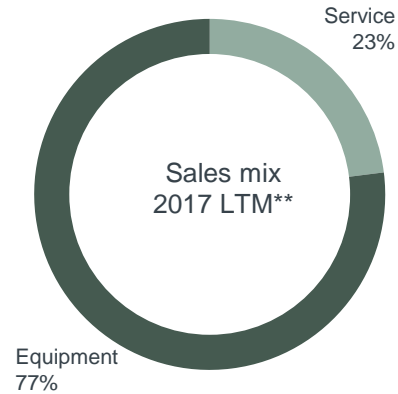
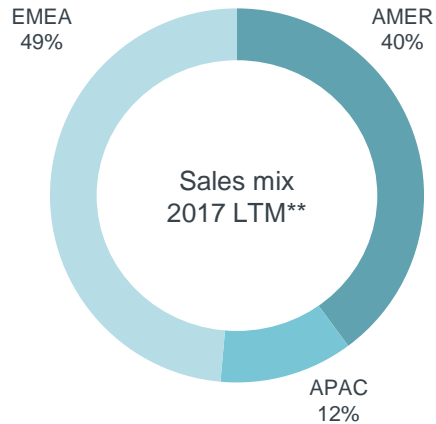
Strengthened our equipment and service leadership positions

Favorable market situation continues – while managing headwinds from currencies, commodity prices, and supply side

Capturing further growth opportunities



Hiab – a global leader in on-road load handling



MEUR

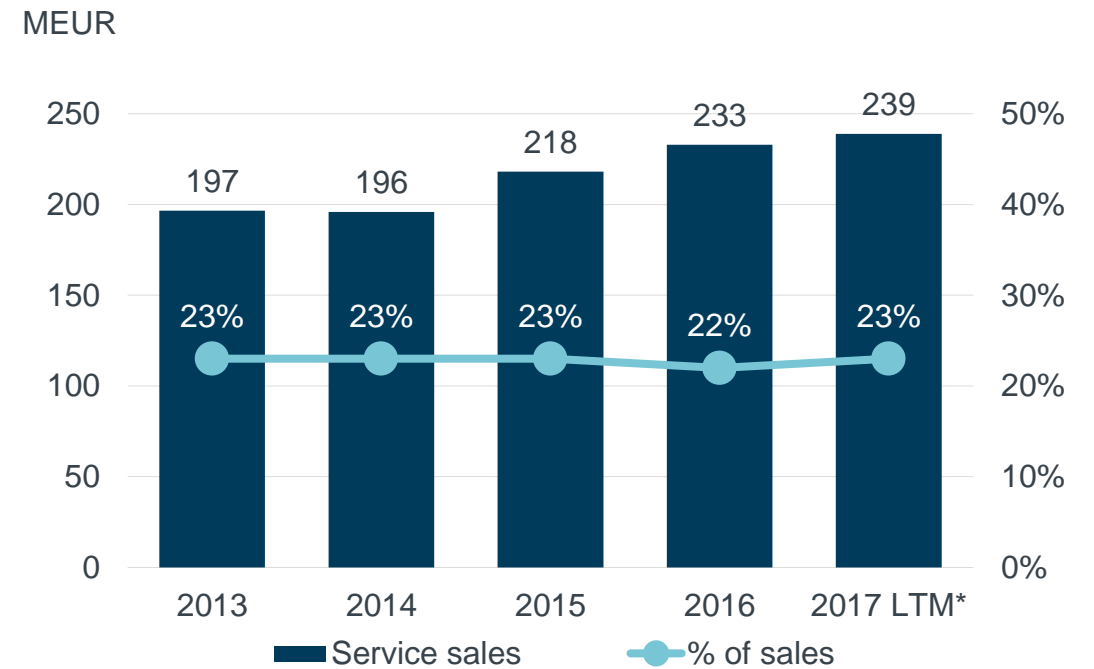
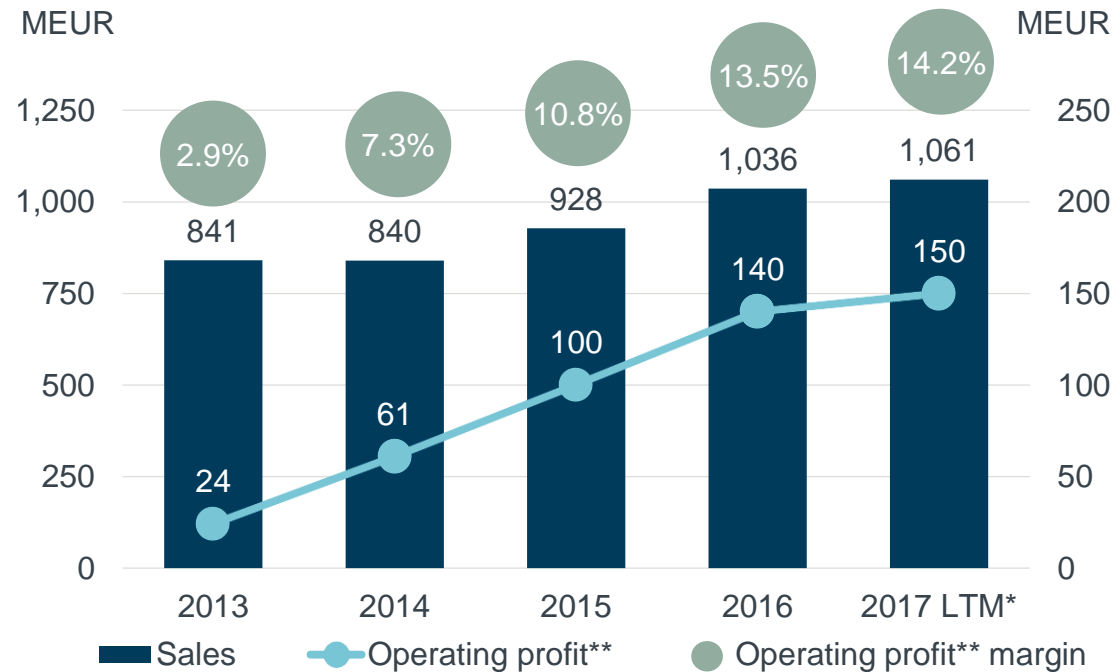
Q3 2017 LTM**

| | |
|--------------------------|--------------|
| Orders received | 1,109 |
| Order book | 293 |
| Sales | 1,061 |
| Operating profit* | 150.2 |
| Operating profit margin* | 14.2% |
| Personnel (Q3/17) | 3,251 |

- Global leader in on-road load-handling equipment and solutions
- Strong brand reputation and loyal customer base
- Comprehensive global sales & service network
- Total offering of state-of-the art equipment, services, and connected solutions
- Ambition to be the number one partner, inspiring and shaping the industry



Excellent business performance development



- Outperformed market in sales & service execution
- Growth in key regions and all equipment segments
- Reinvest in portfolio, distribution, digital offering

- Built world-class infrastructure for spare part sales
- Continued invest in distribution network
- Introduced new service and connected offerings

*) LTM = Last 12 months (Q4/16 – Q3/17)

**) Excluding restructuring costs

Strengthened our market positions

| | | MARKET SIZE* (EUR billion) | KEY SEGMENTS | HIAB POSITION & TREND |
|--------------------------|---|-------------------------------|----------------------------|--|
| LOADER CRANES |  | ~1.3 | Construction and Logistics | #1-2  |
| TAIL LIFTS |  | ~0.5 | Retail Logistics | #1  |
| DEMOUNTABLES |  | ~0.5 | Waste and Recycling | #1  |
| TRUCK MOUNTED FORK LIFTS |  | ~0.3 | Construction and Logistics | #1  |
| FORESTRY CRANES |  | ~0.2 | Timber, Pulp and Paper | #2  |

Strength in key segments basis for customer solutions



CONSTRUCTION



DELIVERY LOGISTICS



GLOBAL PRESENCE



BUILDING MATERIALS



AGRICULTURE



WASTE MANAGEMENT



RECYCLING



SOLUTION PROVIDER



SPECIAL LOGISTICS



LANDSCAPING



FORESTRY



DEFENSE



Single Truck Owner

Intl. Fleet Company

DIVERSE CUSTOMERS



FIRE & RESCUE



Rail

Wind

Marine

CUSTOM SOLUTIONS

US – leveraging the market momentum

US market fundamentals remain strong. **US\$/€ softness** impacting our business.

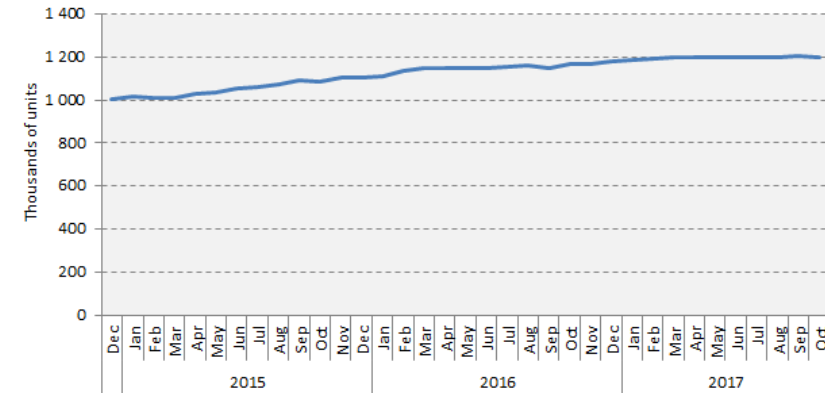
US the single biggest market for Hiab with strong market position. Leading in loader cranes and truck-mounted forklifts, stable #2 in tail lifts.

Hiab owned distribution enabling strong **service business**.

Ambition for continued growth in loader cranes, new applications for truck-mounted forklifts – and further drive **services**.

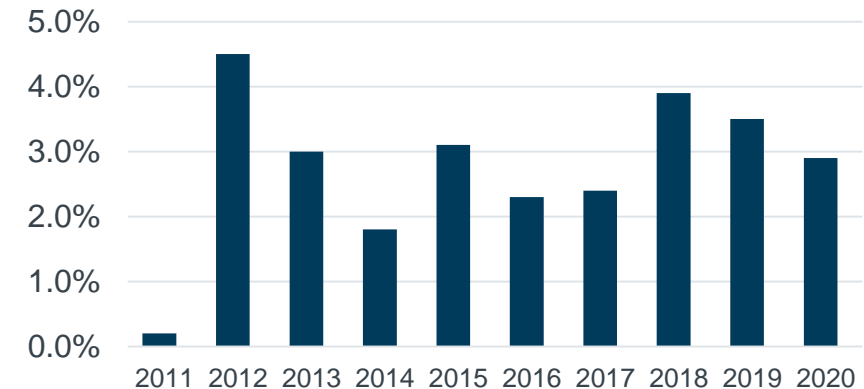
US privately owned housing starts

Seasonally adjust annual housing starts, 12-months rolling average



Source: Census.gov

North America construction output
y/y change



Source: Oxford Economics: Industry output forecast 9/2017

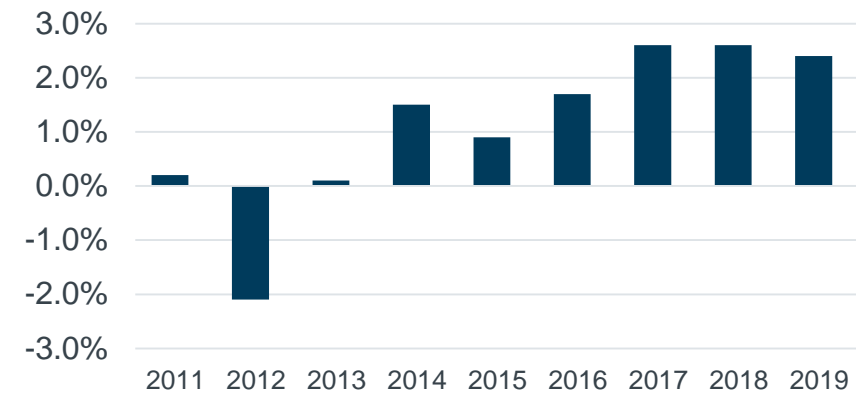
Continue focused growth in Europe in positive market

Market fundamentals positive across Europe after rebounding from north to south. **South Europe** with first orders; **Russian** market still challenging but first positive signs.

Hiab growing and taking market share across all equipment categories and territories – winning share in loader cranes and forestry cranes, leading in truck mounted forklifts and tail lifts.

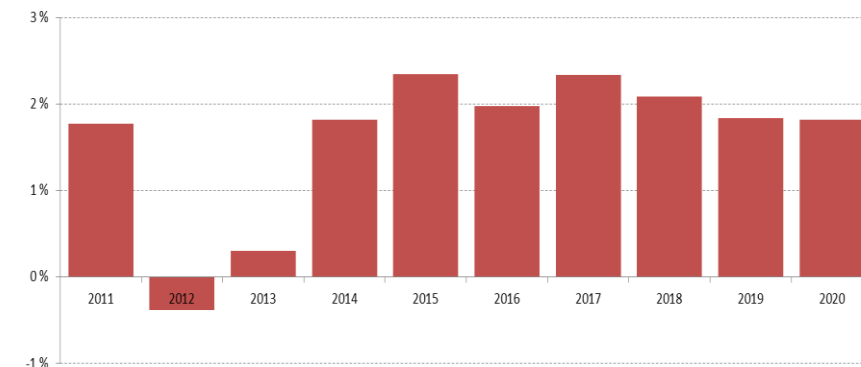
Further growth with focus on **key account**, targeted investments in route-to-market driving services, and key markets.

EMEA construction output
y/y change



Source: Oxford Economics: Industry output forecast 9/2017

EU GDP annual change %
Constant prices, yoy changes



Source: IMF world economic outlook

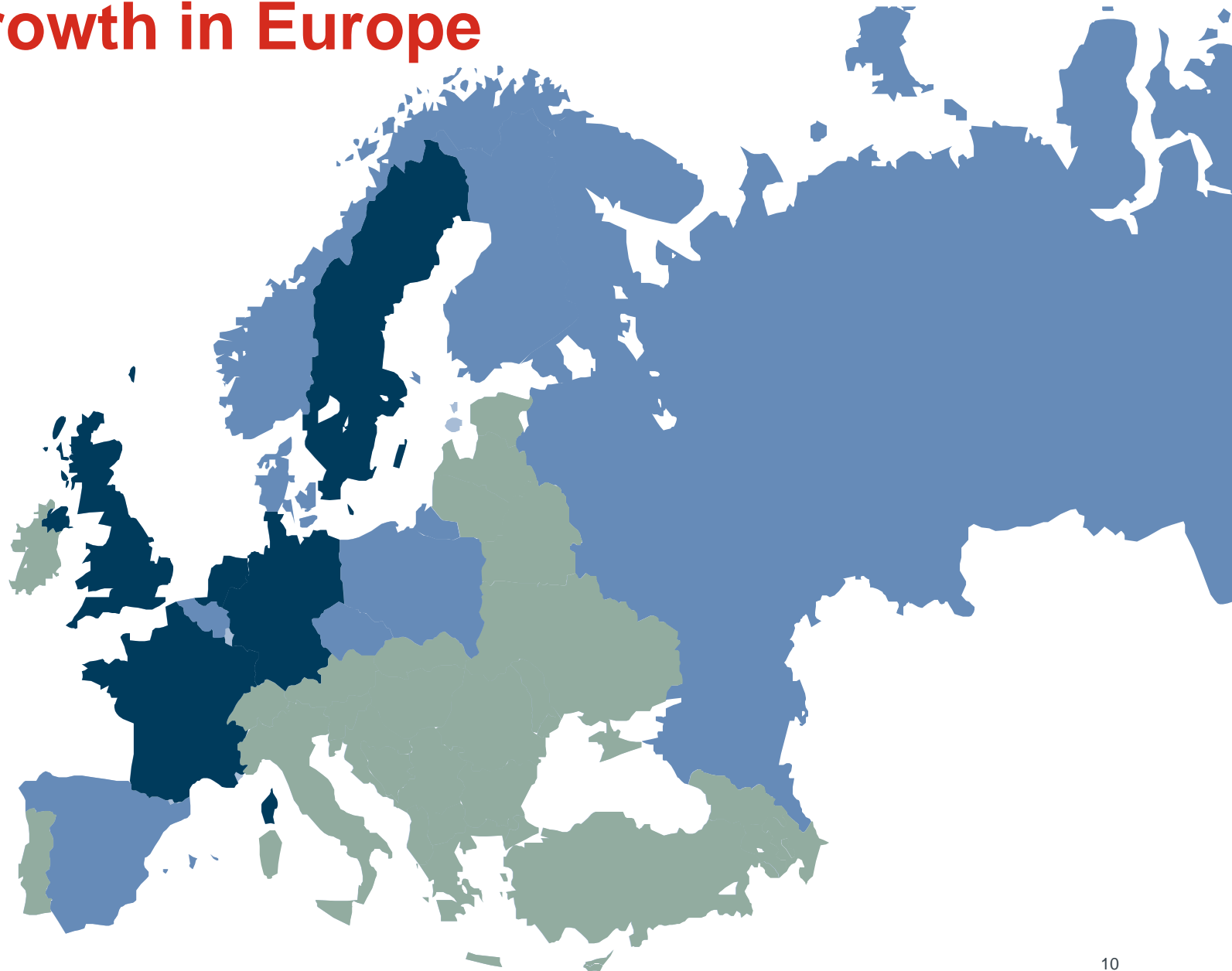
Continue focused growth in Europe

Key markets focus to invest into further growth

- Established strong market position as platform for further growth
- Increase sales coverage for core products
- Targeted route-to-market investments to drive service growth

Unlock growth potential in further markets

- Mature markets with further growth potential or markets with potential after rebounding
- Mostly dealer/importer based



Brazil – Argos acquisition strategic growth investment

Hiab successfully concluded the **acquisition of Argos Guindastes Indústria e Comércio Ltda.**

Strategic investment into one of the largest loader cranes markets at peak years.

Market gradually stabilizing with **first positive indicators. Argos** respected loader crane brand and **market #2** in a market expected to grow.

Strategic investment for Hiab with **mid-term growth potential** for domestic loader crane designs and select premium Hiab offering.

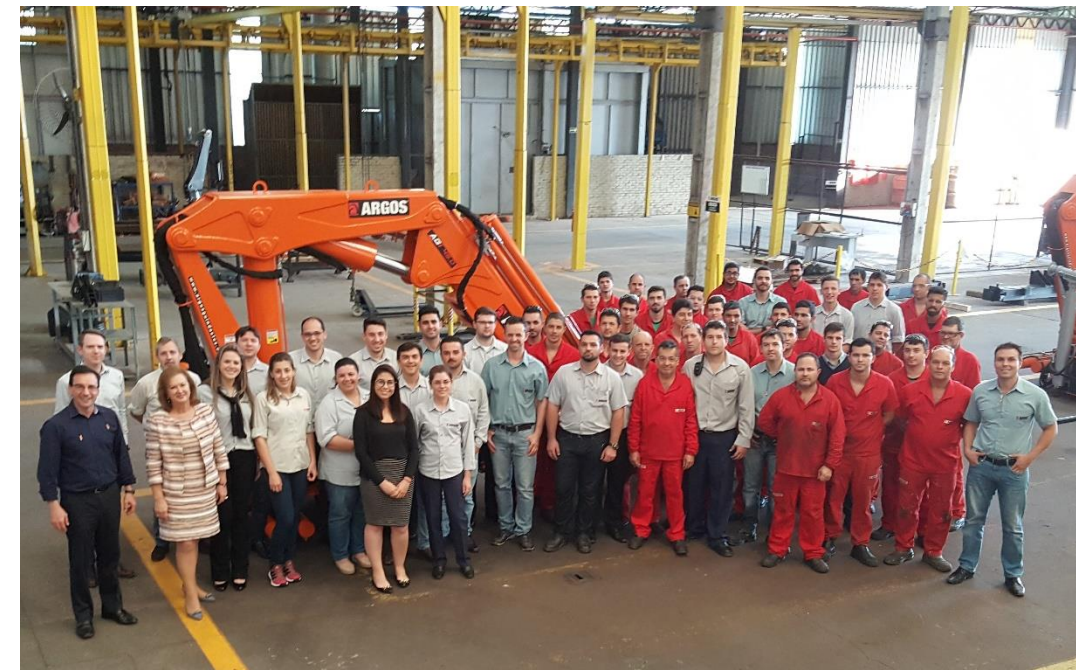
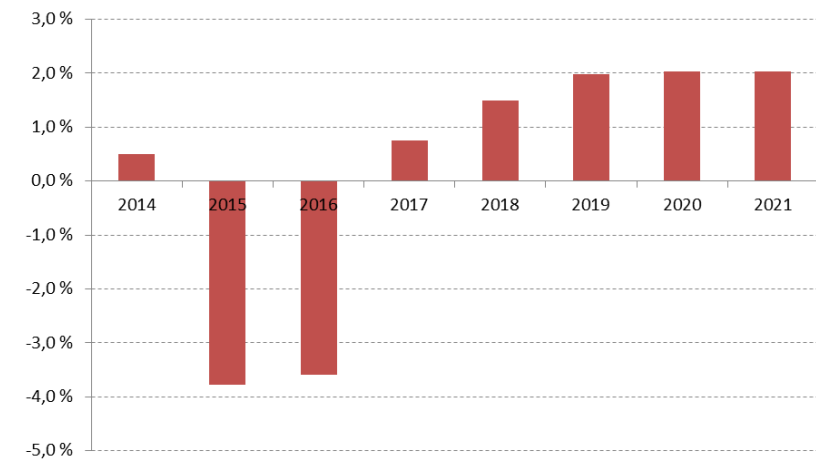


Image: Hiab Brasil team with first Argos crane produced under Hiab ownership | October 2017

Brazil GDP growth
Constant prices, yoy changes



Source: IMF world economic outlook

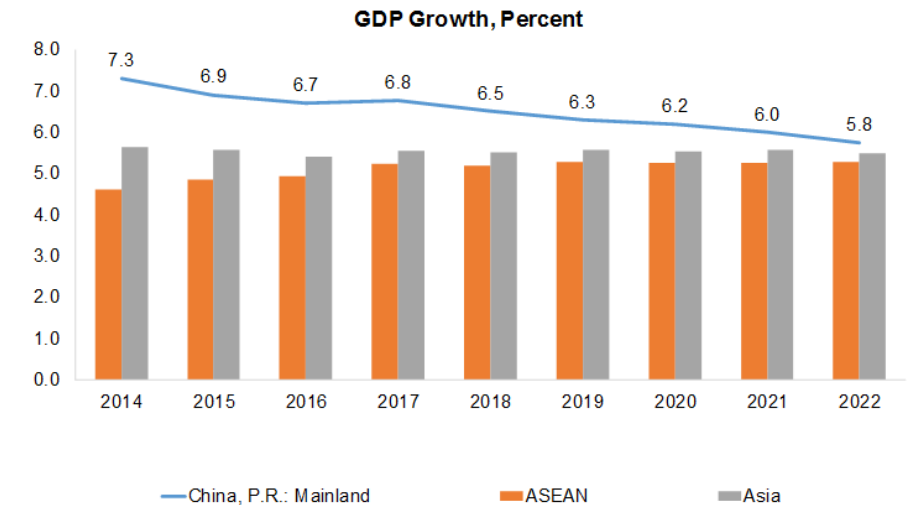
China – pursuing growth opportunities for Hiab

Market fundamentals for China strong with continuous GDP growth >6% and large scale investments into next-tier cities. Pan-Asian region growth strong.

Big potential for more versatile and advanced load handling equipment.

Hiab leader in premium segments like knuckle boom cranes and demountables in applications like F&R, governmental business, and waste. Growth in stiff boom segment through **Sinotruk JV** faster than market.

Targeted growth ambition for Hiab in existing segments and continuous evaluation of M&A opportunities.

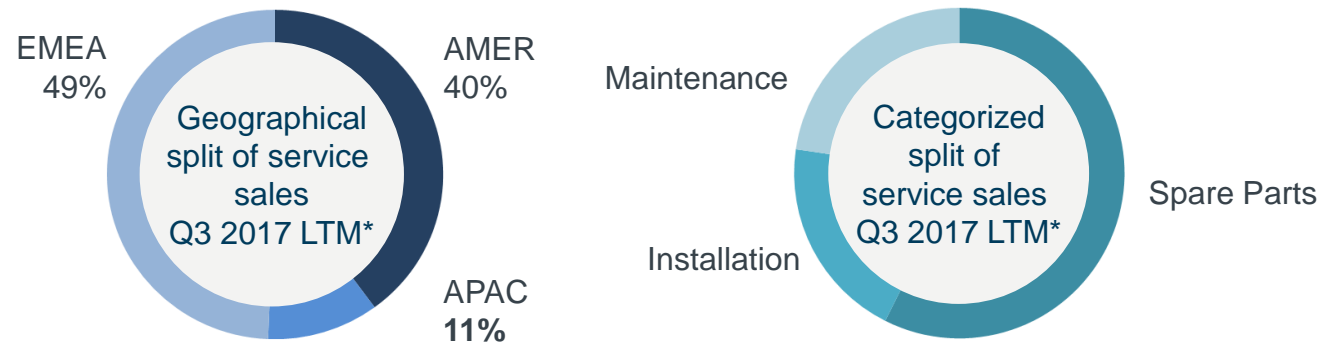


Source: IMF world economic outlook

Hiab is focusing on the services opportunity to become #1



Service is key in driving sustainable profitable growth



MEUR

LTM*

| | |
|--------------------|------------|
| Service revenue | 239 |
| % of total revenue | 23% |

- ✓ Increased service revenue from 2014 by 21% with annual growth of 7% CAGR
- ✓ Maintenance as focused growth area with revenue increase 2017 YTD Q3 +9% and +12% in US YoY
- ✓ Continued investment into service network, systems and tools to drive profitable growth
- ✓ Accelerated development of new services solutions to capture life-cycle value

- Comprehensive global sales & service network
- 41 Hiab service centers & workshops and 382+ technicians
- 620+ dealer and service partners and 1,100+ technicians
- Growth basis from installed base >150,000 equipment

*) LTM = Last 12 months (Q4 2016 – Q3 2017)

Hiab undisputed #1 in the industry segment for services

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

Fundamentals in place

- Parts supply chain in place
- New parts distribution center in US fully operational
- Spare parts Webshop introduced and growing (32+ countries)
- ProCare maintenance service launched
- New on-demand parts launched

NEXT STEPS

Accelerating growth

- Expand the services portfolio
- Service sales competence development
- Deploy new service offerings including connected solutions
- Globalize the spare parts Webshop
- Strengthen route-to-market and service network
- Implement Service Operating Model and Service Management System

FUTURE AMBITION

Future ambition #1

- The undisputed #1 in the industry segment for services
- Complete service offering with connectivity - enhancing the customer lifecycle value
- World-class service operation and network

Pioneering our industry
through digitalization

HI CONNECT  TM


HI VISION TM

Hiab - pioneering the load handling industry through digitalisation

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

Founded New Business Solutions function to drive digitalisation across Hiab

- Created Hiab Connected Solutions portfolio covering:
 - Connected & Augmented Equipment
 - Smart Services
 - New Business Solutions
- Pilot projects running with key customers in all major market areas
- New digital marketplace for Hiab Parts

NEXT STEPS

All new equipment to be connected by 2018/19

- Commercial launch of Hiab Connected Solutions portfolio market-by-market
- Further development of new solutions for key segments such as military, waste management
- Further ramp-up of software & platform development capabilities and resources
- Strategic partnerships (technology, business)

FUTURE AMBITION

Develop Hiab into a complete solution provider

- Customer first – delivering a complete customer experience through digitalisation
 - Equipment, services, solutions
- Lead the industry in developing pioneering solutions in key segments
- Create value and explore new business models through software, platforms and solutions

Hiab as digital pioneer – the future of crane operation today with HiVision™

HiVision™ is the revolutionary and award-winning vision-based crane control and operation system

- First application for timber handling operation
- Increasing efficiency, safety, and comfort
- Commercially available since Q1 2017
- Proven by customers in 9+ countries already

Developing HiVision as platform to enable further applications and usage scenarios. Key step towards **semi-automated and autonomous** operation

Additional value to attract a **new generation of talents.**



Hiab as digital pioneer – unlocking customer value through HiConnect™

HiConnect™ providing **business critical insights** for connected Hiab equipment

- Show equipment usage and efficiency
- Monitor condition and manage uptime
- Improve safe and professional operation
- Increase business productivity across fleet

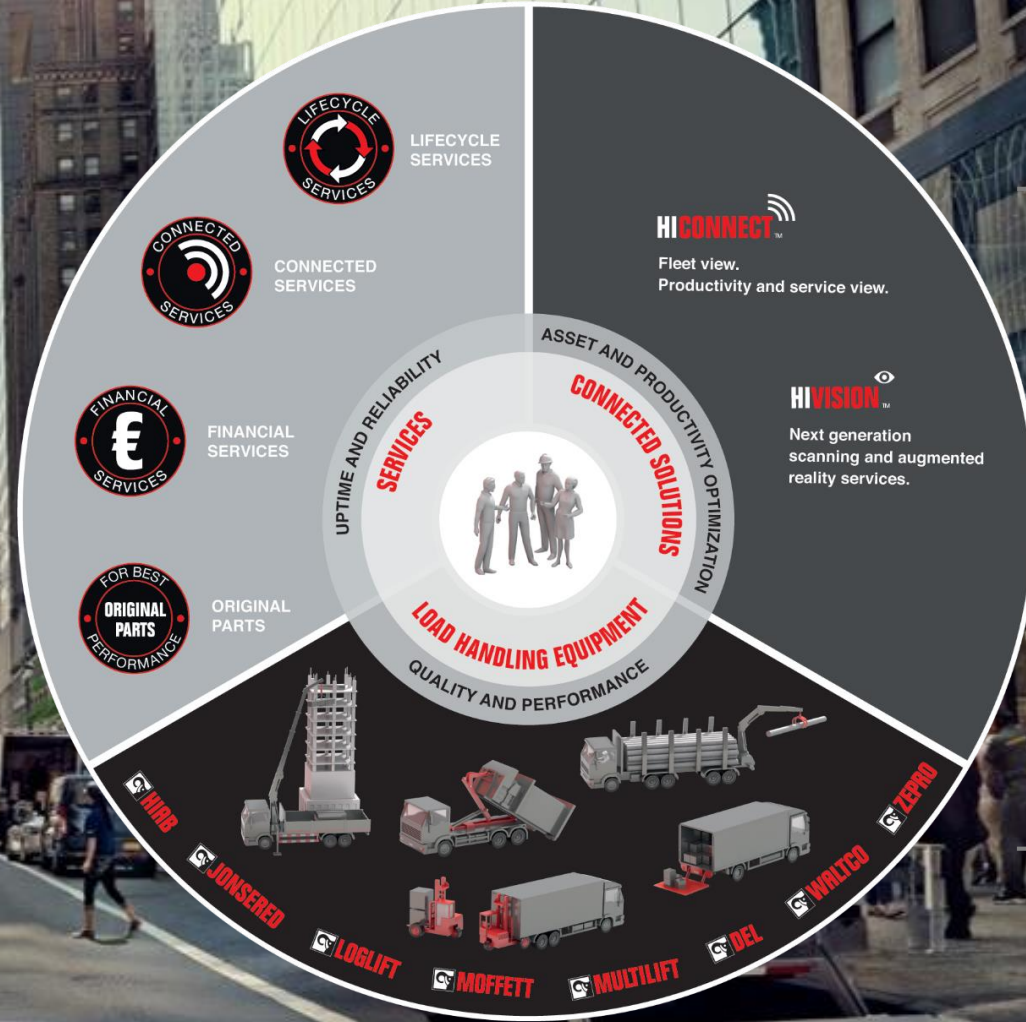
Unlocking further value through proactive service, spare parts, new solutions

Building customer brand **loyalty** and **equipment sales**

Commercial launch Q4 2017 after successful pilots



Combining our total Hiab offering to unlock potential



Suite of Connected Solutions offerings

Best-in-class service network and services offering

Class-leading load handling equipment

Hiab with stable business basis for sustainable profitable growth

Strong brands and high customer loyalty

Balance through **broad geographical and market presence**

Asset light assembly set-up and managed inventory

Active management for productivity gains

Increased **services sales** supported by **focused investment** and **connected offering**



Key profit drivers for 2018

SUPPORTING

- Growth momentum across all key markets and equipment segments
- Services growth fuelled by focused route-to-market investment
- Strong demand paired with renewed portfolio improves product mix and margin
- Productivity improvements

HEADWINDS

- Currency development mainly EUR/US\$
- Unfavourable commodity material price development
- Investments in sales and service growth
- Buying cycles and competitive pressure in key accounts

Well positioned for further profitable growth

Accelerated our growth and delivered strong business results

Strengthened our equipment and service leadership positions

Favorable market situation continues – managing headwinds

Capture further growth opportunities

- Capitalize on market fundamentals and mega trends
- Grow and expand services, leverage digitalization
- Actively pursue developing market opportunities

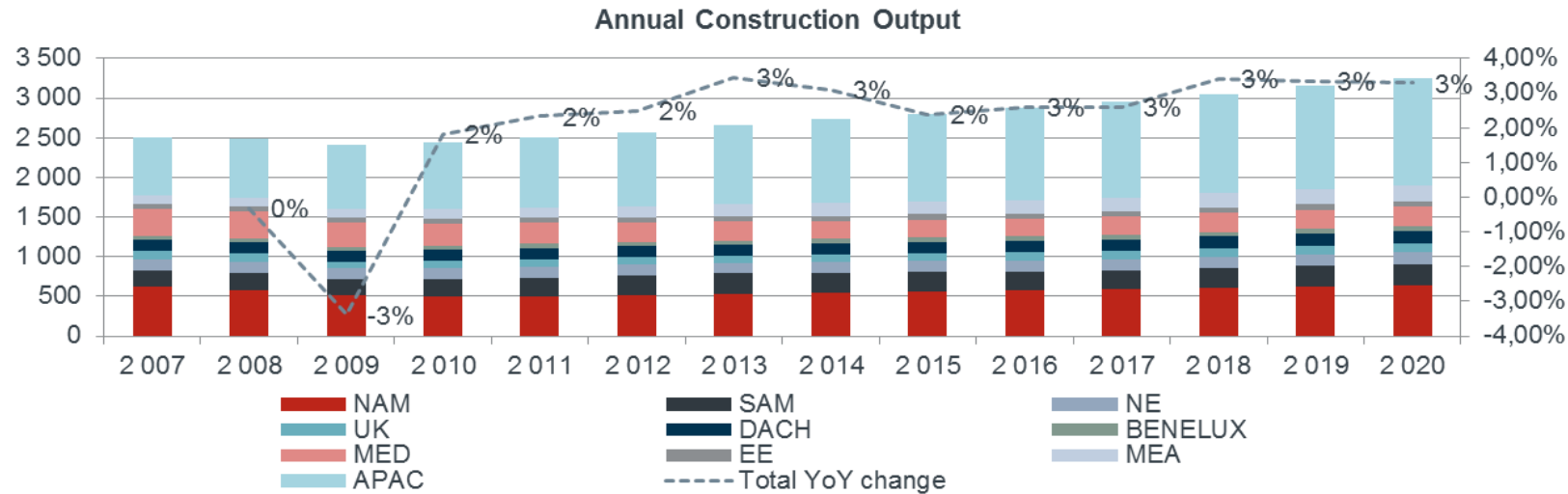




APPENDIX – MARKET DATA

Oxford economics forecasts growth for all markets for 2018

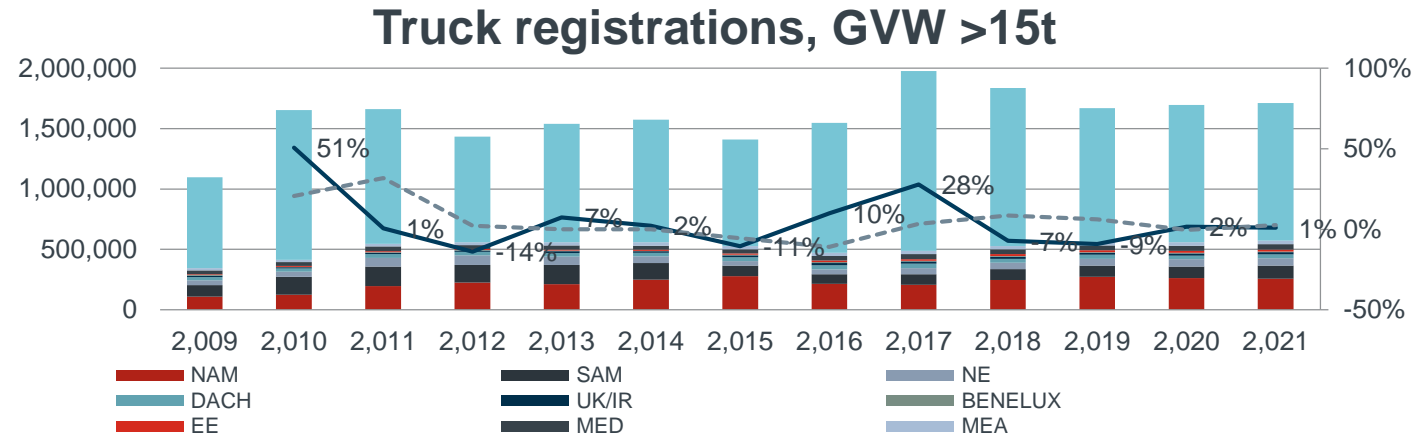
Oxford Construction Output



| | Changes vs last Forecast | | | | | YoY changes | | | | | |
|--------------|--------------------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| NAM | -0.1% | -0.1% | -0.4% | -0.3% | -0.5% | 3.2% | 2.2% | 2.4% | 3.6% | 3.6% | 2.8% |
| SAM | -0.1% | -1.1% | -1.3% | -1.1% | -1.1% | -2.8% | -2.5% | -0.6% | 2.6% | 3.0% | 3.1% |
| NE | 0.6% | -0.1% | 0.4% | 0.4% | 0.3% | 0.8% | -0.5% | 2.0% | 2.1% | 1.5% | 1.6% |
| UK | 0.0% | 0.2% | 0.0% | 0.0% | 0.0% | 5.0% | 2.7% | 1.7% | 1.0% | 1.6% | 2.3% |
| DACH | -0.3% | -0.6% | -0.1% | -0.3% | 0.1% | -0.9% | 1.7% | 1.9% | 2.5% | 1.1% | 1.6% |
| BENELUX | 0.1% | 0.1% | 0.1% | 0.3% | 0.5% | 5.8% | 5.9% | 3.1% | 2.0% | 1.8% | 1.4% |
| MED | 0.2% | 1.1% | 1.4% | 1.3% | 1.8% | -1.1% | 0.7% | 2.5% | 2.4% | 2.0% | 2.6% |
| EE | 0.9% | 1.4% | 1.9% | 2.1% | 1.9% | 4.0% | -6.5% | 2.7% | 3.3% | 2.9% | 2.4% |
| MEA | -2.9% | -2.7% | -2.8% | -2.6% | -2.6% | -1.0% | 5.2% | 2.7% | 3.4% | 4.1% | 4.1% |
| APAC | 0.3% | -0.6% | -0.5% | -0.6% | -0.7% | 4.7% | 4.8% | 3.6% | 4.2% | 4.1% | 4.2% |
| Total | 0.0% | -0.4% | -0.4% | -0.4% | -0.4% | 2.4% | 2.6% | 2.6% | 3.4% | 3.3% | 3.3% |

IHS predicts global truck volumes to decrease in 2018 driven by development in China, outlook for Hiab key markets upgraded

IHS Truck registration forecast



Changes vs last Forecast

| | 2 017 | 2 018 | 2 019 | 2 020 | 2 021 |
|---------|-------|-------|-------|-------|-------|
| NAM | 2.8% | 3.6% | 2.8% | -1.2% | -2.0% |
| SAM | 8.4% | 6.1% | 1.9% | -2.4% | 2.1% |
| NE | 6.5% | 5.0% | 3.4% | 4.0% | 1.0% |
| DACH | -0.4% | -0.4% | -0.8% | -1.1% | -1.1% |
| UK/IR | 4.8% | -1.5% | 0.4% | 0.2% | -1.0% |
| BENELUX | 4.6% | 1.8% | 0.5% | -0.2% | 1.0% |
| EE | 4.2% | 4.6% | 4.5% | 2.0% | 1.8% |
| MED | 4.2% | 1.3% | 0.5% | 0.0% | -0.4% |
| MEA | -1.4% | -2.4% | -2.7% | -1.4% | -2.4% |
| APAC | 23.1% | 23.7% | -0.4% | 4.3% | 3.1% |
| Total | 17.7% | 17.0% | 0.4% | 2.6% | 1.8% |

YoY changes (vs. prev. year)

| | 2 017 | 2 018 | 2 019 | 2 020 | 2 021 |
|---------|-------|--------|--------|-------|-------|
| NAM | -3.4% | 18.6% | 10.5% | -4.0% | -1.7% |
| SAM | 11.4% | 2.5% | 3.8% | 4.4% | 11.8% |
| NE | 26.2% | 4.1% | 6.9% | 4.8% | 2.9% |
| DACH | 1.1% | -4.4% | -2.1% | -6.5% | 4.1% |
| UK/IR | -3.7% | -6.3% | 0.4% | 1.1% | 2.5% |
| BENELUX | -7.2% | -0.8% | -0.4% | 1.1% | 2.6% |
| EE | 7.7% | 5.4% | 1.4% | 4.3% | 2.7% |
| MED | 9.2% | -0.3% | 0.6% | 1.5% | 6.3% |
| MEA | 0.0% | 3.6% | 1.1% | 8.2% | 2.1% |
| APAC | 38.4% | -12.4% | -15.2% | 2.7% | 0.1% |
| Total | 27.8% | -7.2% | -9.0% | 1.6% | 0.9% |