



23 April 2020

Poor visibility in challenging environment

Cargotec's January-March 2020 interim report
Mika Vehviläinen, CEO • Mikko Puolakka, CFO

- COVID-19 situation affecting orders, operations and visibility
- Actions taken to safeguard profitability
- Strong financial position

Contents

1. Group level development
2. COVID-19 situation
3. Business areas
4. Financials and outlook



Highlights of Q1 2020 – Lower comparable operating profit due to less favourable business mix

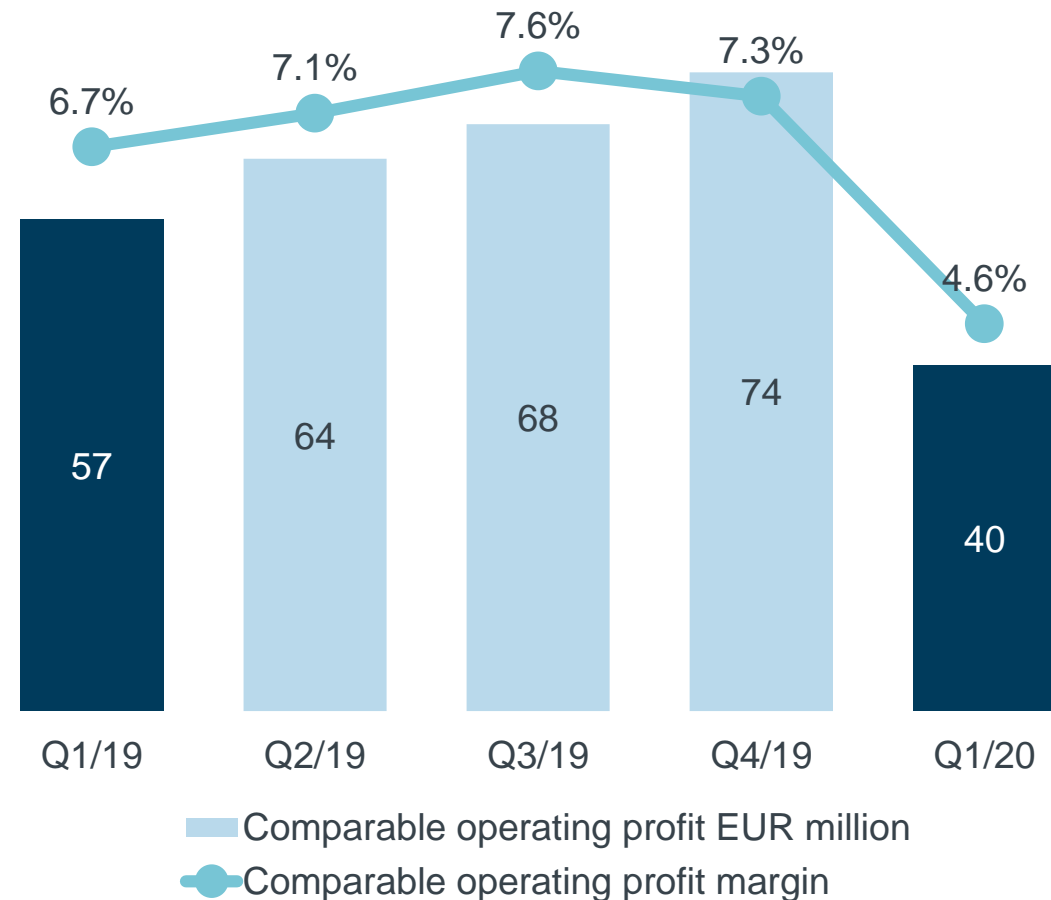
Orders received decreased by 24%

Sales remained on Q1/2019 level

Comparable operating profit decreased by 31%

- Kalmar -21%
- Hiab -11%
- MacGregor's comparable operating profit was -5 MEUR

Assessment of strategic options for Navis paused



The coronavirus pandemic affected Cargotec in Q1/20

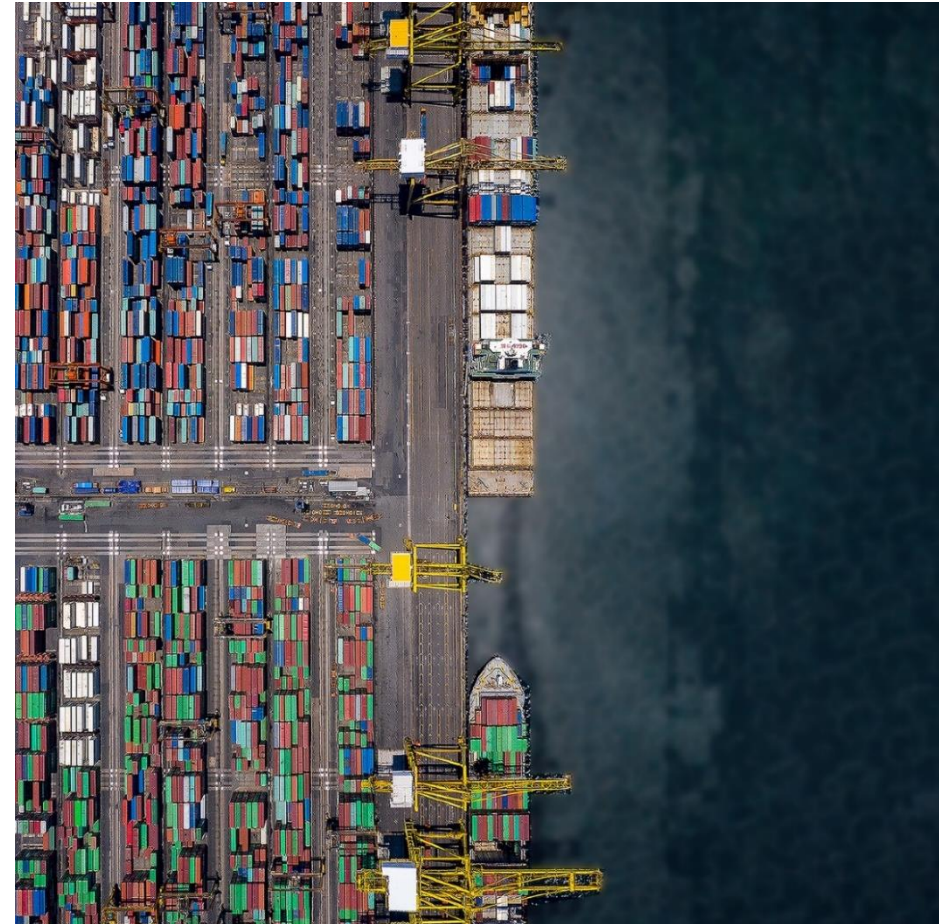
Safety of our personnel and customers top priority

Increasing uncertainty and restrictions set by authorities have slowed decision making and weakened orders received throughout Q1

- Challenges in supply chain: lack of components
- Assembly units in Italy, Spain, Malaysia and Ireland closed during March
- Delays in delivery schedules, limited access for specialists

Weak visibility

Group wide focus on safeguarding business continuity, cash and adjusting cost structure



Rapid reaction to adjust cost structure

Group wide temporary cost savings programme (communicated 27 March)

- Office workers (ca. 6,000 employees) have shifted to a four-day working week with a corresponding reduction in salaries.
- Until further notice and with their consent, the salaries of the company's management have been reduced by 20 percent as of 1 April.
- External services reduced
- Travel minimised
- Expected savings 10 MEUR / month
- Cost structure adjustments will continue as the situation requires



Market environment Q1/2020

Number of containers handled at ports declined

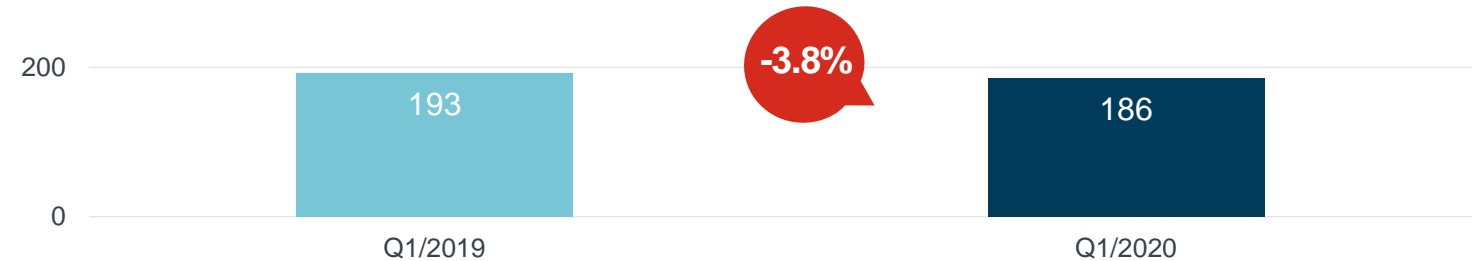
- Customers are postponing decision-making in major investments

Construction activity remained stable in Europe and US

In the merchant sector orders and activity decreased from an already low level while offshore remained at a historically low level

Global container throughput (MTEU) – Key driver for Kalmar

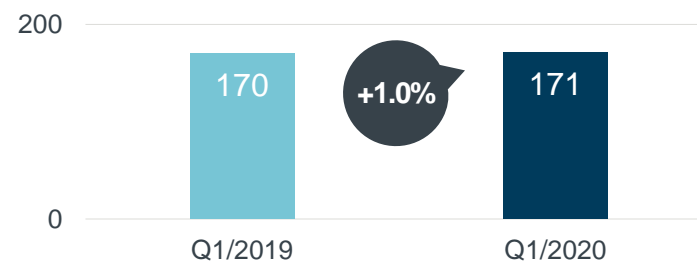
Source: Drewry



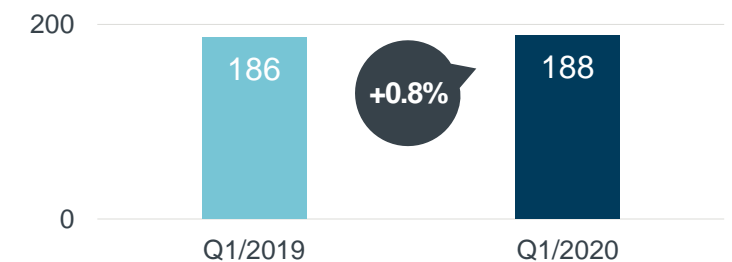
Construction output – Key driver for Hiab

Source: Oxford Economics

United States



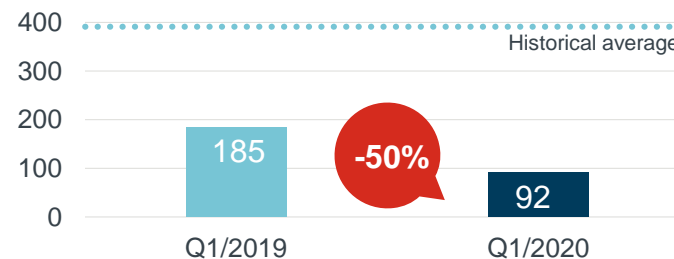
Europe



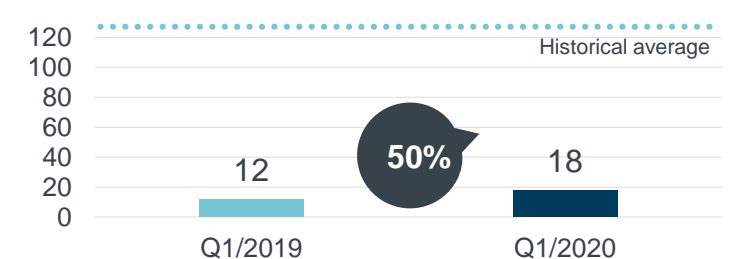
Long term contracting – Key driver for MacGregor

Source: Clarkson Research
(number of ships and offshore units)
Indicative historical average

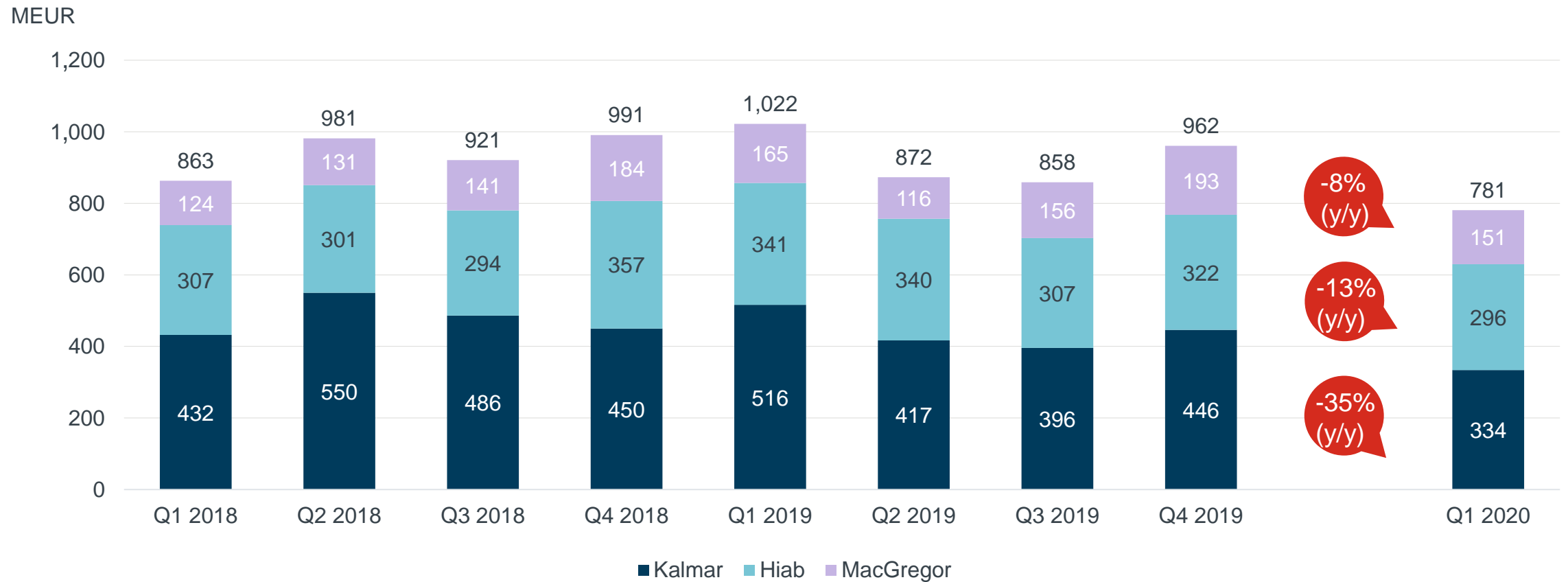
Merchant ships > 2,000 dwt/gt (excl. ofs & misc)



Offshore mobile units



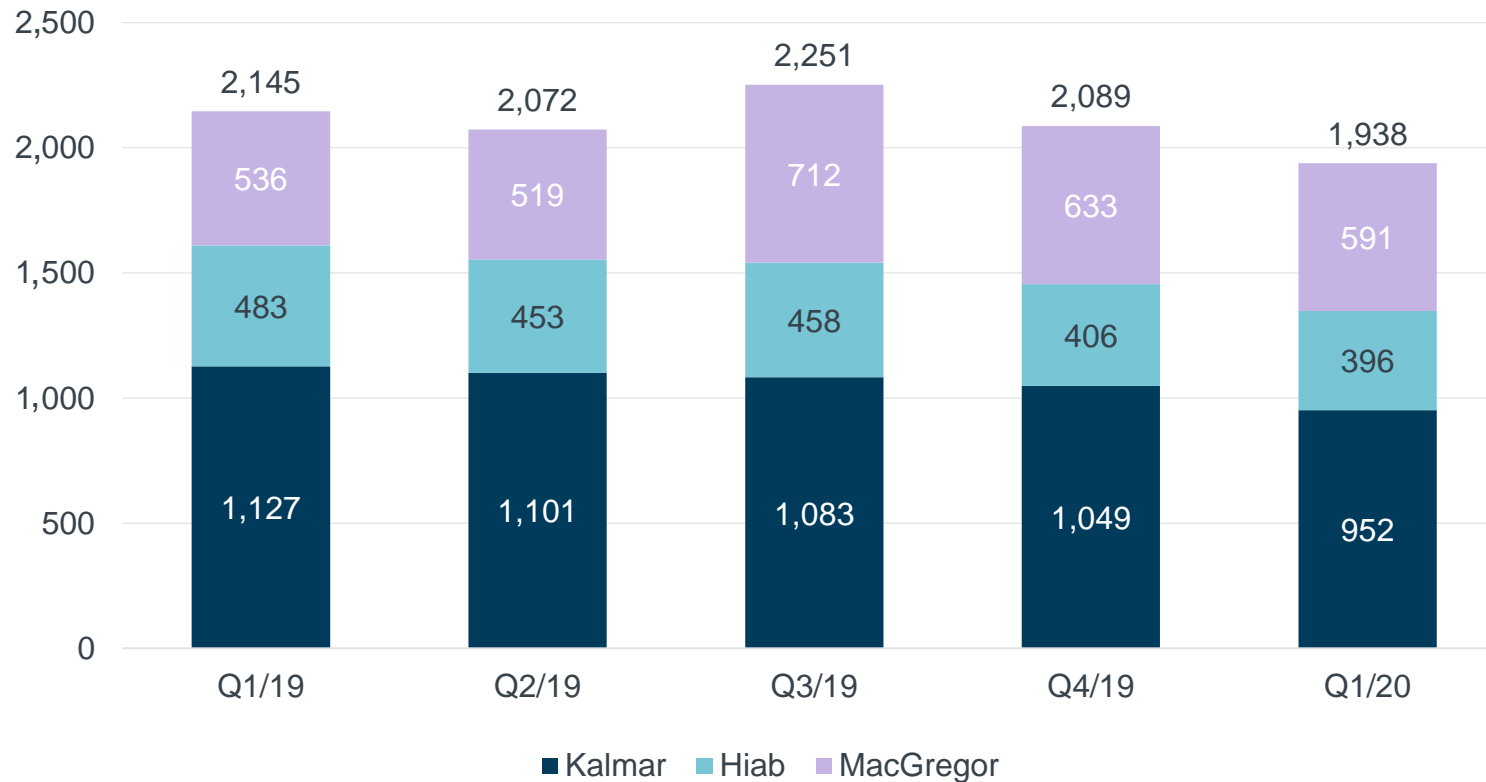
Orders received decreased in Q1



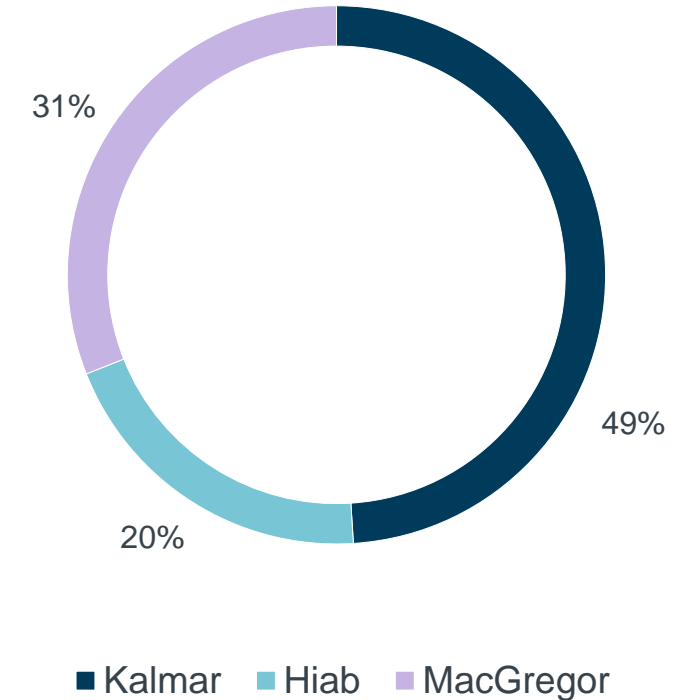
Order book remains strong

Order book

MEUR



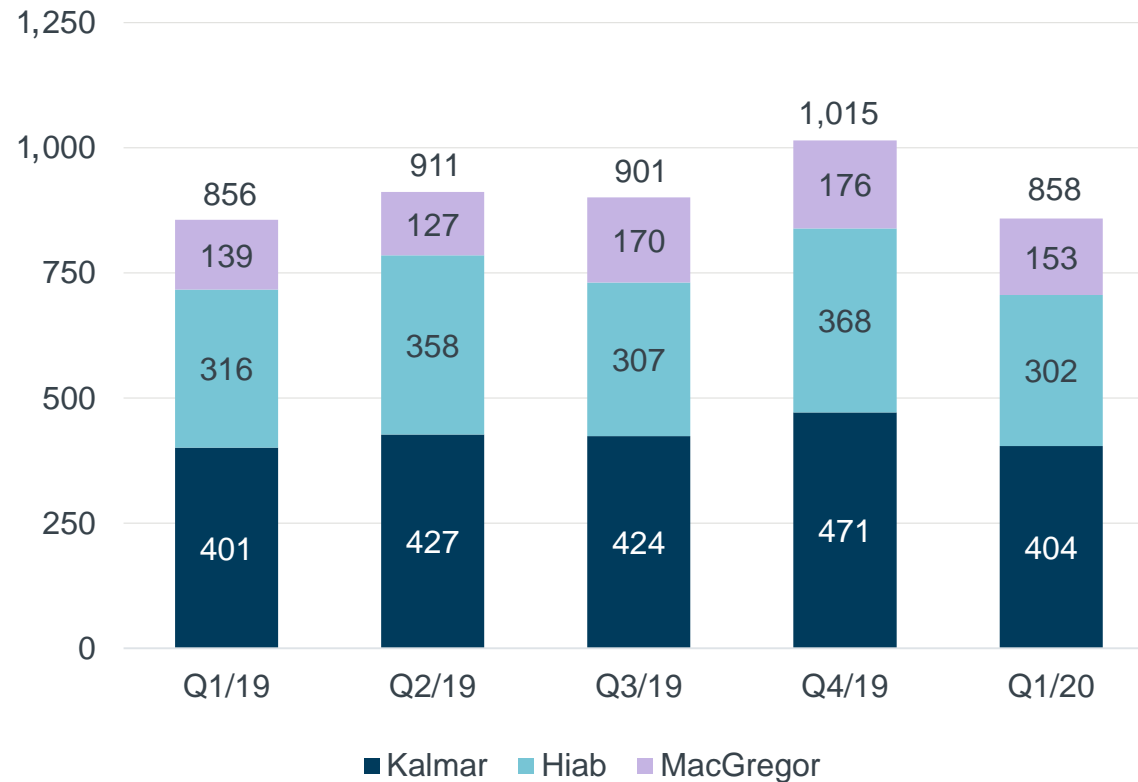
Order book by reporting segment, Q1 2020



Sales remained on the same level compared to Q1/2019

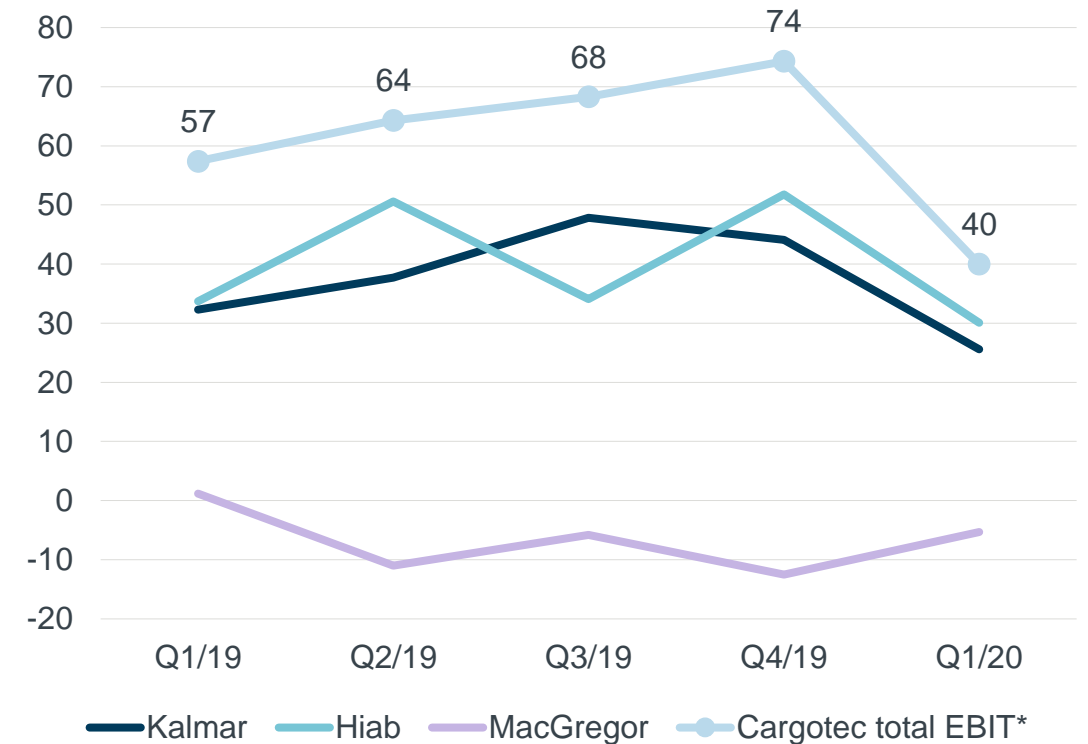
Sales

MEUR



Comparable operating profit

MEUR

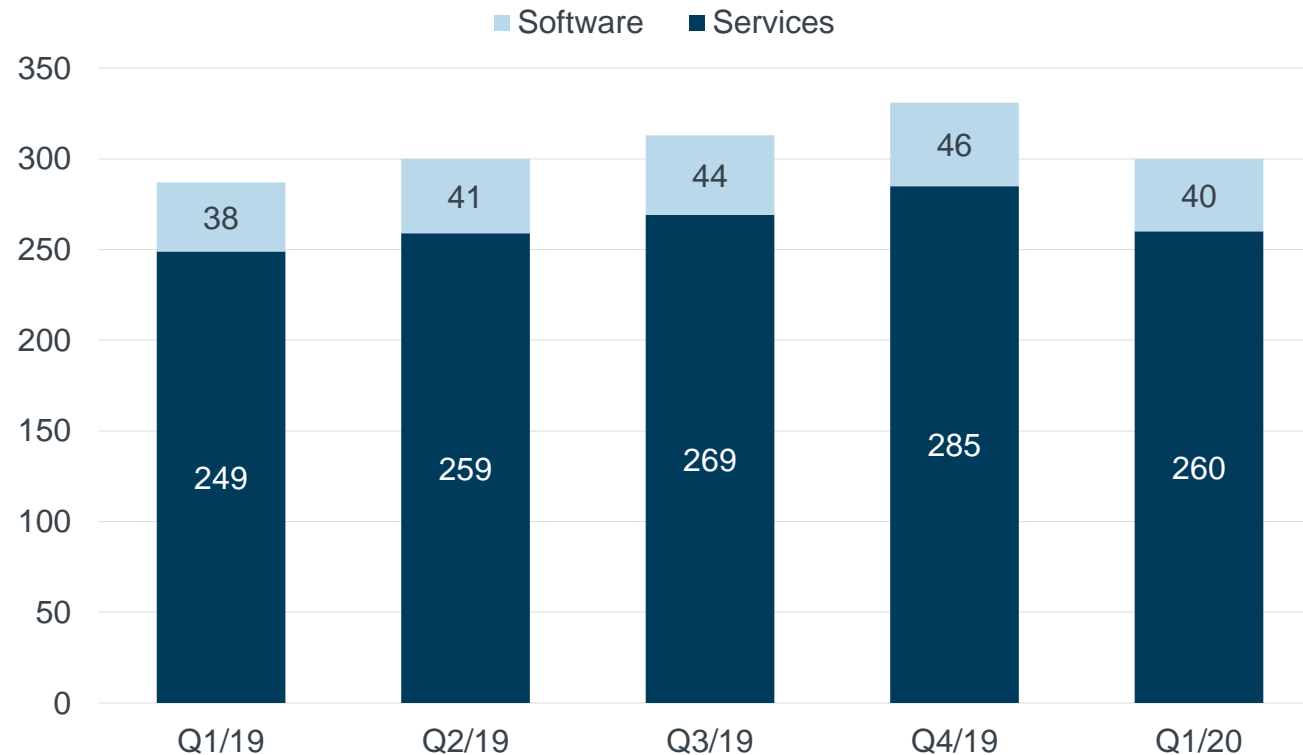


*) Including Corporate admin and support

Service and software sales continued to grow y-o-y

Service and software* sales

MEUR



*Software sales defined as strategic business unit Navis and automation software

Q1/20 service sales +5%

- Kalmar -3%
- Hiab +1%
- MacGregor +24%

Software sales +7%

Service and software sales constituted 35% of total sales in Q1/20



Business areas

Cargotec's January-March 2020
interim report

Kalmar Q1 – Orders received and comparable operating profit declined

Orders received declined in automation orders and mobile equipment

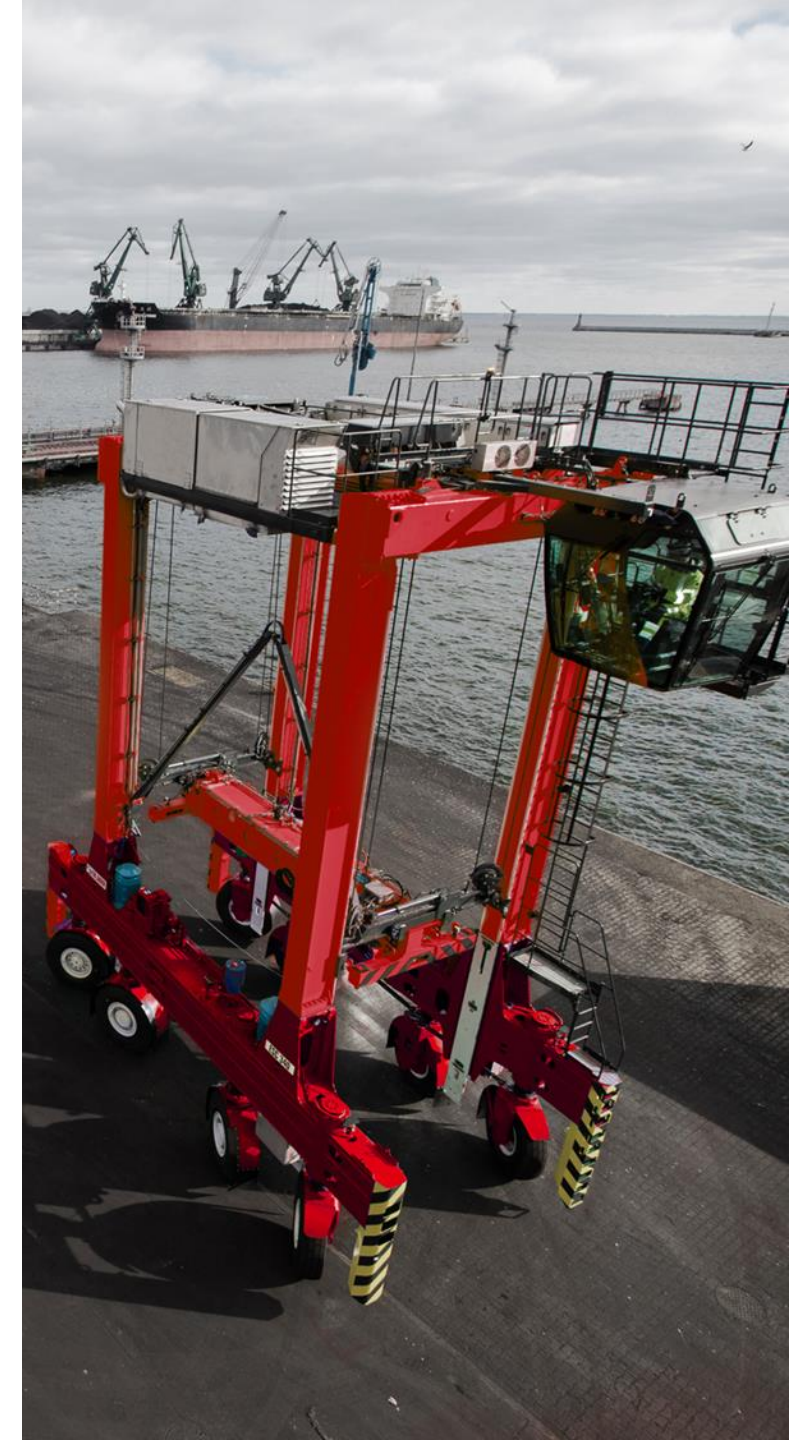
Sales remained on Q1/2019 level

- Service sales decreased by 3%

Comparable operating profit decreased

- Increased share of project deliveries
- Supply chain challenges in projects

MEUR	Q1/20	Q1/19	Change
Orders received	334	516	-35%
Order book	952	1,127	-16%
Sales	404	401	+1%
Comparable operating profit	26	32	-21%
Comparable operating profit margin	6.3%	8.1%	-180bps



Hiab Q1 – Comparable operating profit margin remained stable

Orders received decreased in all regions

Sales decreased

- Service sales increased by 1%

Comparable operating profit decreased to 30 MEUR due to lower volumes

MEUR	Q1/20	Q1/19	Change
Orders received	296	341	-13%
Order book	396	483	-18%
Sales	302	316	-5%
Comparable operating profit	30	34	-11%
Comparable operating profit margin	10.0%	10.7%	-70bps



MacGregor Q1 – Loss making quarter, service sales increased

Orders received decreased by 8%

- Decline in merchant, increase in offshore and service orders (+21%)

Sales increased by 10%

- Service sales +24%

Comparable operating profit declined

- Low capacity utilisation in certain units
- Lower sales margins

Productivity improvements ongoing

- 3 MEUR achieved from 15 MEUR cost savings programme
- Remaining 12 MEUR expected for Q2-Q4

MEUR	Q1/20	Q1/19	Change
Orders received	151	165	-8%
Order book	591	536	+10%
Sales	153	139	+10%
Comparable operating profit	-5	1	< -100%
Comparable operating profit margin	-3.5%	0.9%	-440bps



Financials and outlook

Cargotec's January-March 2020
interim report



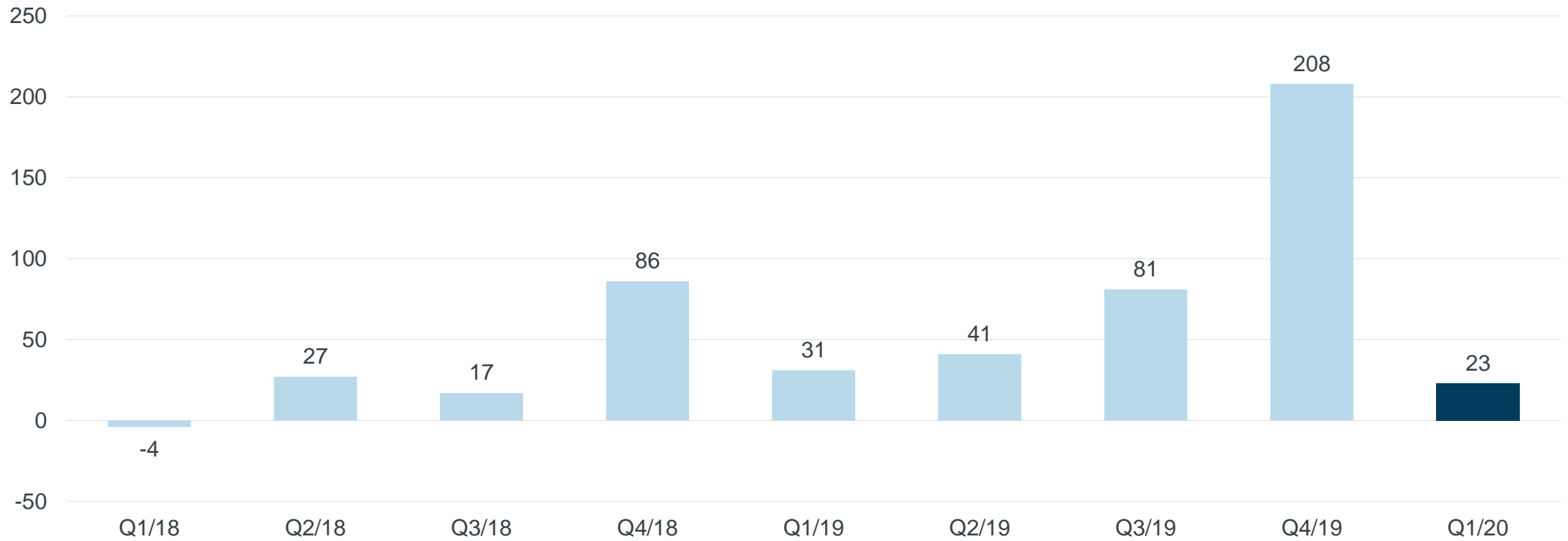
Key figures – Order book remained strong

	Q1/20	Q1/19	Change
Orders received, MEUR	781	1,022	-24%
Order book, MEUR	1,938	2,145	-10%
Sales, MEUR	858	856	+0%
Comparable operating profit, MEUR	40	57	-31%
Comparable operating profit, %	4.6%	6.7%	-210 bps
Items affecting comparability, MEUR	-13	-6	-106%
Operating profit, MEUR	26	51	-48%
Operating profit, %	3.1%	6.0%	-290 bps
Net income, MEUR	11	31	- 63%
Earnings per share, EUR	0.18	0.48	- 63%
Earnings per share, EUR*	0.31	0.55	- 43%
ROCE, %**	6.5%	8.3%	-180 bps

Cash flow declined

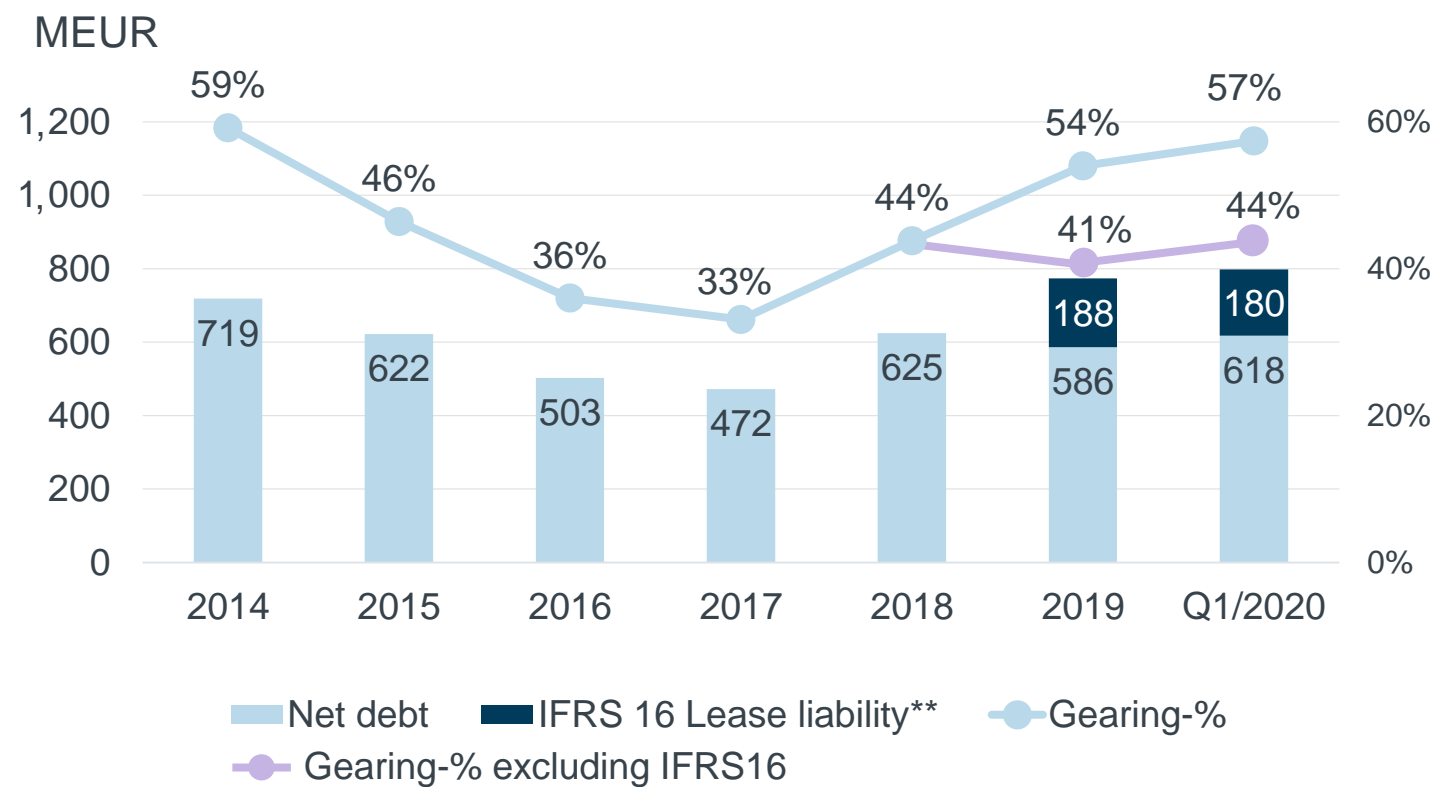
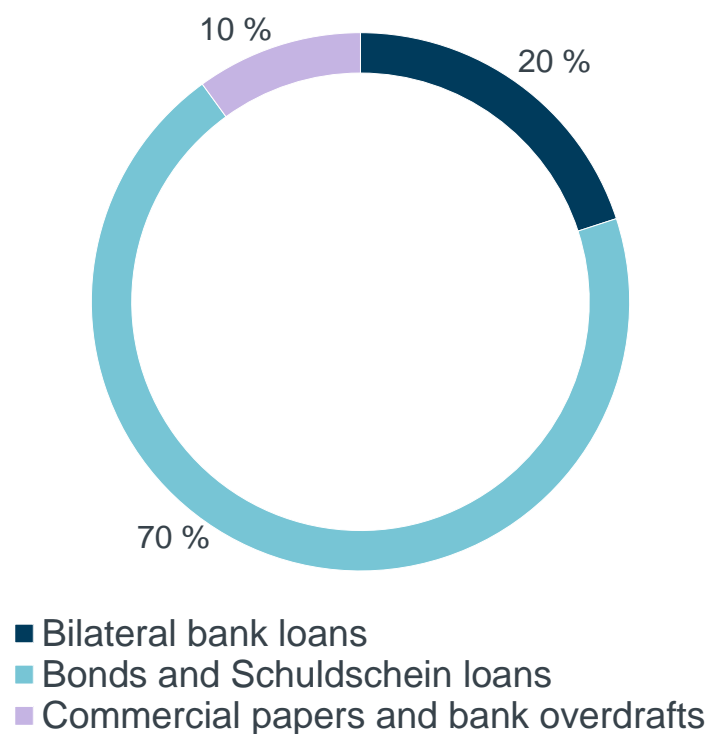
Cash flow from operations before financing items and taxes

MEUR



Balanced debt portfolio

Loan structure, %
(31.3.2020)



*Cargotec adopted the IFRS 16 standard on 1 Jan 2019.

Strong financial position and balanced maturity profile

Balanced maturity profile

- EUR 144 million maturing in 2020 Q2-Q4

Solid liquidity position (31.3.2020)

- + 281 MEUR cash and cash equivalents
- + 300 MEUR committed long-term undrawn revolving credit facilities
- - 183 MEUR repayments of interest-bearing liabilities during next 12 months
- Total liquidity 399 MEUR

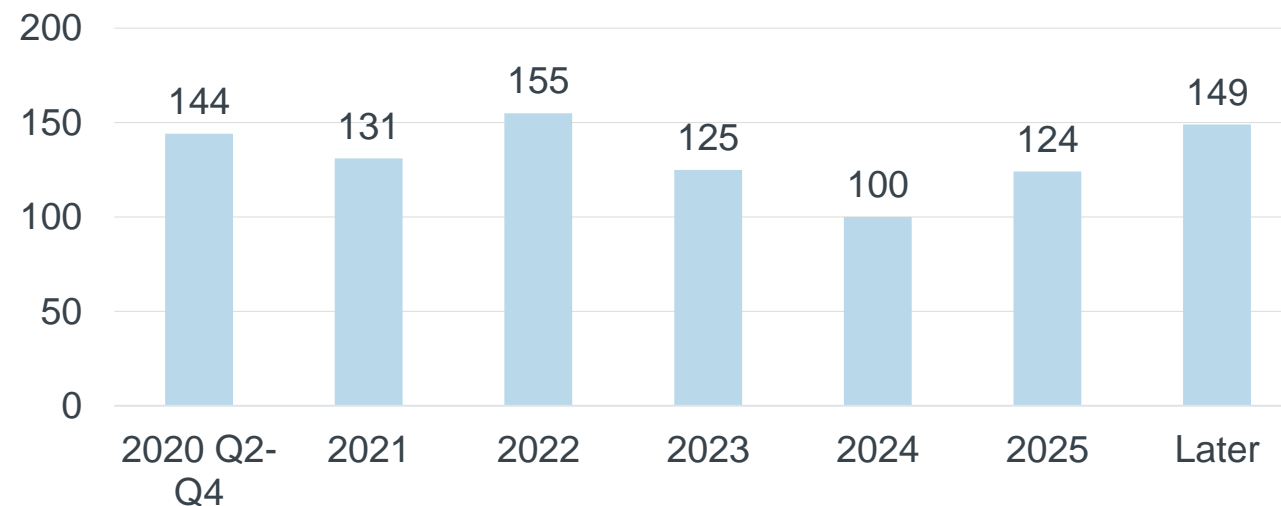
200 MEUR additional bank loans raised in April 2020

Bank loans and the revolving credit facility include a financial covenant

- Gearing must be retained below 125% (44% on 31 March 2020 for loans and credit facilities signed pre-IFRS 16 and 57% for loans signed post-IFRS 16)

Repayment schedule of interest-bearing liabilities excluding finance lease

MEUR

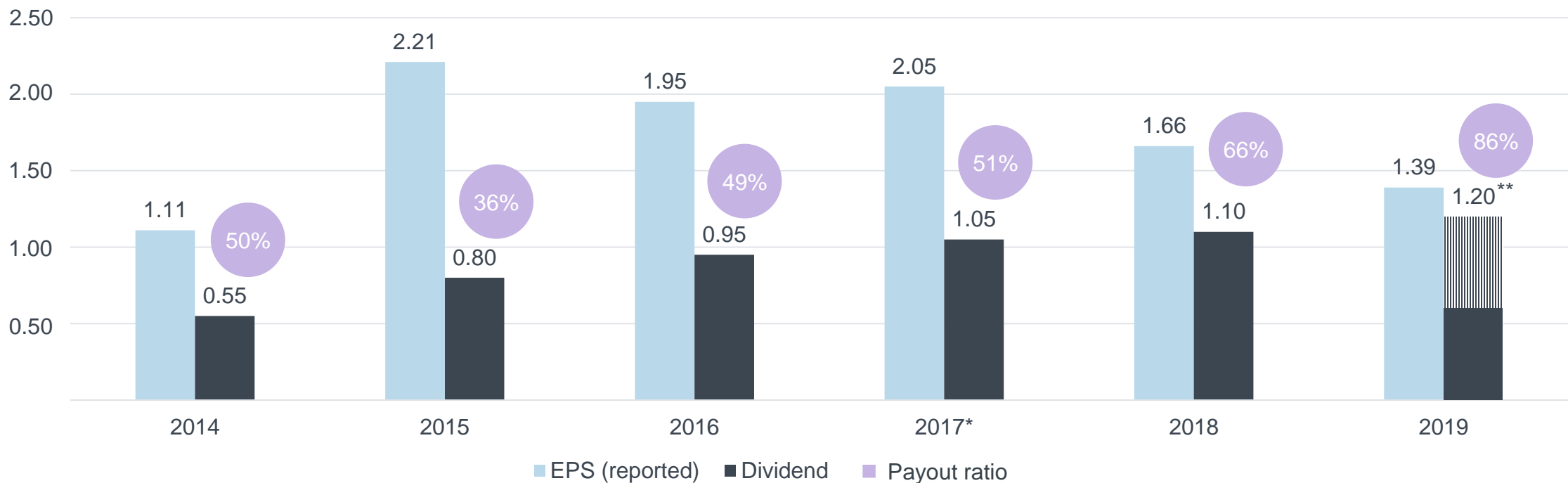


Board proposes dividend of up to 1.20 EUR

The Board of Directors proposes to the Annual General Meeting (AGM) convening on 27 May 2020 that:

- The dividend will be paid in two instalments.
- The first instalment is EUR 0.60 per B class share and paid directly based on the decision of the AGM
- The Board of Directors are authorised to decide on the distribution of the possible second instalment, which would be maximum EUR 0.60 per B class share

Calculated from EPS excl. items affecting comparability, payout ratio for 2019 is 55%.



* 2017 EPS figure has been restated according to IFRS 15

** Board proposal to AGM (maximum)

Outlook for 2020

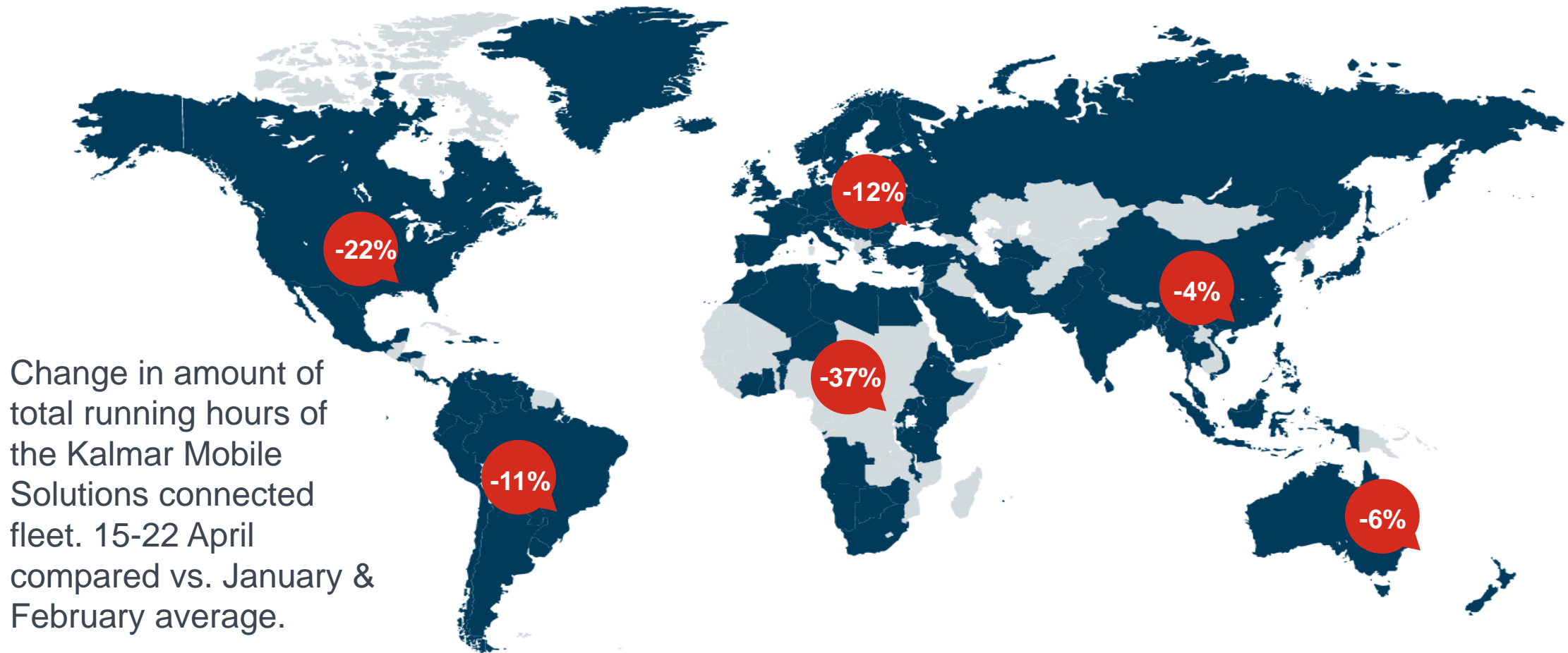
On 27 March 2020, Cargotec updated its outlook for 2020 due to the coronavirus pandemic and related political decisions and administrative restrictions. In the current exceptional situation Cargotec estimated that it is not able to give a guidance for 2020. Cargotec publishes a new guidance later.

In the second quarter, there are significant challenges in relation to deliveries and demand.

- Cargotec estimates a significant decline in orders, sales, comparable operating profit and cash flow in the second quarter compared to Q2/2019
- During the first weeks of April 2020, Cargotec's orders received have significantly decreased from the comparison period
- Due to the challenging operating environment, visibility towards the end of the year is currently weak.



Impact of uncertainty and challenging market has been clearly visible in April





PURPOSE

SMARTER CARGO FLOW FOR A BETTER EVERYDAY

#SMARTERBETTERTOGETHER

VISION	GLOBAL LEADER IN INTELLIGENT CARGO HANDLING		
MUST-WIN BATTLES	WIN THROUGH CUSTOMER CENTRICITY We help our customers achieve their goals by aligning our offering and way of working to serve them better.	ACCELERATE DIGITALISATION We build and expand our digital solutions to offer a great customer experience and more efficient business processes.	
	ADVANCE IN SERVICES We extend our offering towards intelligent solutions that enable us to serve our customers wide across their lifecycle.	PRODUCTIVITY FOR GROWTH We focus on activities that add value and benefit our customers and us by developing our business operations and common platforms.	
OUR WAY OF WORKING	LEAD WITH PURPOSE	EMPOWER FOR PERFORMANCE	COLLABORATE TO WIN

Disclaimer

The interim report provides estimates on future prospects involving risk and uncertainty factors, and other factors as a result of which the performance, operation or achievements of Cargotec may substantially deviate from the estimates. Forward-looking statements relating to future prospects are subject to risks, uncertainties and assumptions, the implementation of which depends on the future business environment and other circumstances, such as the development of the coronavirus pandemic.

