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

Construction output – Key driver for Hiab

Long term contracting – Key driver for MacGregor

Source: Clarkson Research

Source: Oxford Economics

Source: Drewry

Source: Oxford Economics

Source: Clarkson Research

Historical average

Historical average

Historical average

Historical average

Indicative historical average

100%

-50%

-3.8%

-3.8%

+1.0%

+0.8%

-50%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%

+0.8%
Orders received decreased in Q1

MEUR

Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020

Kalmar | Hiab | MacGregor

-8% (y/y) | -13% (y/y) | -35% (y/y)

Cargotec’s January-March 2020 interim report
Cargotec's January-March 2020 interim report

Order book remains strong

Order book by reporting segment, Q1 2020

<table>
<thead>
<tr>
<th>Order book</th>
<th>Q1/19</th>
<th>Q2/19</th>
<th>Q3/19</th>
<th>Q4/19</th>
<th>Q1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEUR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kalmar</td>
<td>1,127</td>
<td>1,101</td>
<td>1,083</td>
<td>1,049</td>
<td>952</td>
</tr>
<tr>
<td>Hiab</td>
<td>483</td>
<td>453</td>
<td>458</td>
<td>406</td>
<td>396</td>
</tr>
<tr>
<td>MacGregor</td>
<td>536</td>
<td>519</td>
<td>712</td>
<td>633</td>
<td>591</td>
</tr>
</tbody>
</table>

Order book remains strong

- Kalmar: 49%
- Hiab: 31%
- MacGregor: 20%
Sales remained on the same level compared to Q1/2019

Sales

<table>
<thead>
<tr>
<th></th>
<th>MEUR</th>
<th></th>
<th>MEUR</th>
<th></th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/19</td>
<td>856</td>
<td>Q2/19</td>
<td>911</td>
<td>Q3/19</td>
<td>901</td>
</tr>
<tr>
<td></td>
<td>139</td>
<td></td>
<td>127</td>
<td></td>
<td>170</td>
</tr>
<tr>
<td></td>
<td>316</td>
<td></td>
<td>358</td>
<td></td>
<td>307</td>
</tr>
<tr>
<td></td>
<td>401</td>
<td></td>
<td>427</td>
<td></td>
<td>424</td>
</tr>
<tr>
<td>Q4/19</td>
<td>1,015</td>
<td></td>
<td>176</td>
<td></td>
<td>368</td>
</tr>
<tr>
<td></td>
<td>471</td>
<td></td>
<td>302</td>
<td></td>
<td>307</td>
</tr>
<tr>
<td></td>
<td>368</td>
<td></td>
<td>176</td>
<td></td>
<td>471</td>
</tr>
<tr>
<td>Q1/20</td>
<td>858</td>
<td></td>
<td>153</td>
<td></td>
<td>404</td>
</tr>
</tbody>
</table>

Comparable operating profit

<table>
<thead>
<tr>
<th></th>
<th>MEUR</th>
<th></th>
<th>MEUR</th>
<th></th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/19</td>
<td>57</td>
<td>Q2/19</td>
<td>64</td>
<td>Q3/19</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>74</td>
<td></td>
<td>40</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*) Including Corporate admin and support
Service and software sales continued to grow y-o-y

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

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

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

Cargotec's January-March 2020 interim report
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

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

Based on 31.3.2020 estimate
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

<table>
<thead>
<tr>
<th></th>
<th>MEUR</th>
<th>Q1/20</th>
<th>Q1/19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td></td>
<td>151</td>
<td>165</td>
<td>-8%</td>
</tr>
<tr>
<td>Order book</td>
<td>591</td>
<td>536</td>
<td></td>
<td>+10%</td>
</tr>
<tr>
<td>Sales</td>
<td>153</td>
<td>139</td>
<td></td>
<td>+10%</td>
</tr>
<tr>
<td>Comparable operating profit</td>
<td>-5</td>
<td>1</td>
<td></td>
<td>&lt; -100%</td>
</tr>
<tr>
<td>Comparable operating profit margin</td>
<td>-3.5%</td>
<td>0.9%</td>
<td></td>
<td>-440bps</td>
</tr>
</tbody>
</table>
Financials and outlook

Cargotec’s January-March 2020 interim report
**Key figures – Order book remained strong**

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

*) Excluding items affecting comparability and adjusted with related tax effect
**) ROCE (return on capital employed), last 12 months
Cash flow from operations before financing items and taxes

<table>
<thead>
<tr>
<th>Quarter</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/18</td>
<td>-4</td>
</tr>
<tr>
<td>Q2/18</td>
<td>27</td>
</tr>
<tr>
<td>Q3/18</td>
<td>17</td>
</tr>
<tr>
<td>Q4/18</td>
<td>86</td>
</tr>
<tr>
<td>Q1/19</td>
<td>31</td>
</tr>
<tr>
<td>Q2/19</td>
<td>41</td>
</tr>
<tr>
<td>Q3/19</td>
<td>81</td>
</tr>
<tr>
<td>Q4/19</td>
<td>208</td>
</tr>
<tr>
<td>Q1/20</td>
<td>23</td>
</tr>
</tbody>
</table>
Balanced debt portfolio

Loan structure, %
(31.3.2020)

- 20% Bilateral bank loans
- 70% Bonds and Schuldschein loans
- 10% Commercial papers and bank overdrafts

Gearing % excluding IFRS16

IFRS 16 Lease liability**

* 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**

<table>
<thead>
<tr>
<th>MEUR</th>
<th>2020 Q2-Q4</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>Later</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>144</td>
<td>131</td>
<td>155</td>
<td>125</td>
<td>100</td>
<td>124</td>
<td>149</td>
</tr>
</tbody>
</table>

---

Cargotec’s January-March 2020 interim report
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

Change in amount of total running hours of the Kalmar Mobile Solutions connected fleet. 15-22 April compared vs. January & February average.
<table>
<thead>
<tr>
<th>Vision</th>
<th>Global Leader in Intelligent Cargo Handling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Smarter Cargo Flow for a Better Everyday</td>
</tr>
<tr>
<td>Purpose</td>
<td>#SmarterBetterTogether</td>
</tr>
<tr>
<td><strong>Must-Win Battles</strong></td>
<td><strong>Win Through Customer Centricity</strong></td>
</tr>
<tr>
<td></td>
<td>We help our customers achieve their goals by aligning our offering and way of working to serve them better.</td>
</tr>
<tr>
<td><strong>Advance in Services</strong></td>
<td><strong>Accelerate Digitalisation</strong></td>
</tr>
<tr>
<td></td>
<td>We extend our offering towards intelligent solutions that enable us to serve our customers wide across their lifecycle.</td>
</tr>
<tr>
<td></td>
<td>We build and expand our digital solutions to offer a great customer experience and more efficient business processes.</td>
</tr>
<tr>
<td><strong>Our Way of Working</strong></td>
<td><strong>Lead with Purpose</strong></td>
</tr>
<tr>
<td><strong>Empower for Performance</strong></td>
<td><strong>Collaborate to Win</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.