

18 July 2019

Good progress in Hiab and Kalmar

Cargotec's January–June 2019 half year financial report
Mika Vehviläinen, CEO • Mikko Puolakka, CFO

Contents

1. Group level development
2. Business areas
3. Financials and outlook



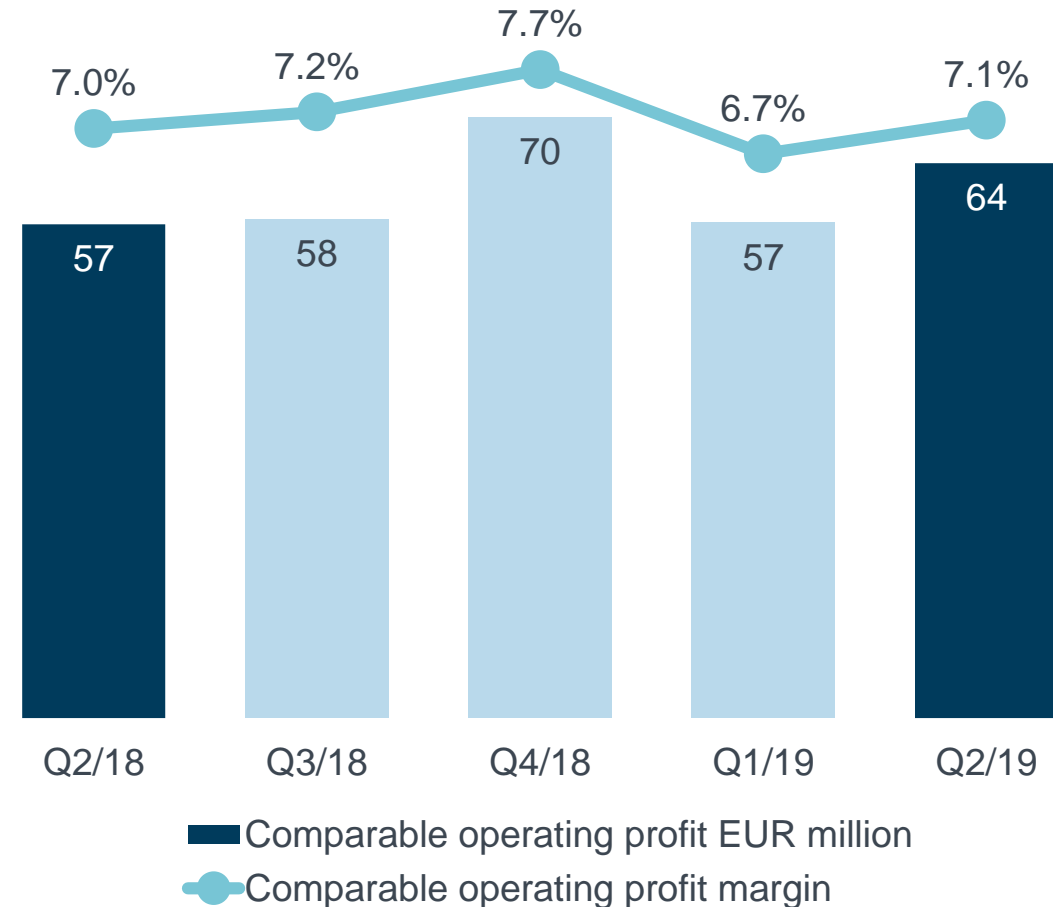
Highlights of Q2 2019 – Comparable operating profit increased

Good momentum in orders received continued in Hiab

- Total orders -11%
 - Kalmar -24%
 - Hiab +13%
 - MacGregor -11%

Comparable operating profit 12% higher than in Q2/18

- Kalmar's comparable operating profit increased strongly
- Record high operating profit for Hiab
- MacGregor at loss – productivity to be addressed



All needed regulatory approvals for TTS acquisition received

Strategic rationale

Service growth potential

Strengthening MacGregor's position also in China

Based on revised estimates, potential cost synergies are estimated to be around EUR 25-30 million on annual level

Temporary conditions regarding certain new equipment business in China

Need to hold certain new equipment businesses separately for a period of two years

Temporary requirements relating to the terms and conditions of certain new equipment business undertaken in China

Expected closing of the transaction in 31 July 2019

Integration and business development to start after the transaction is closed

Market environment in H1 2019

Growth in number of containers handled at ports continued

- Customers are starting automation projects mainly with phased investments

Construction activity on good level

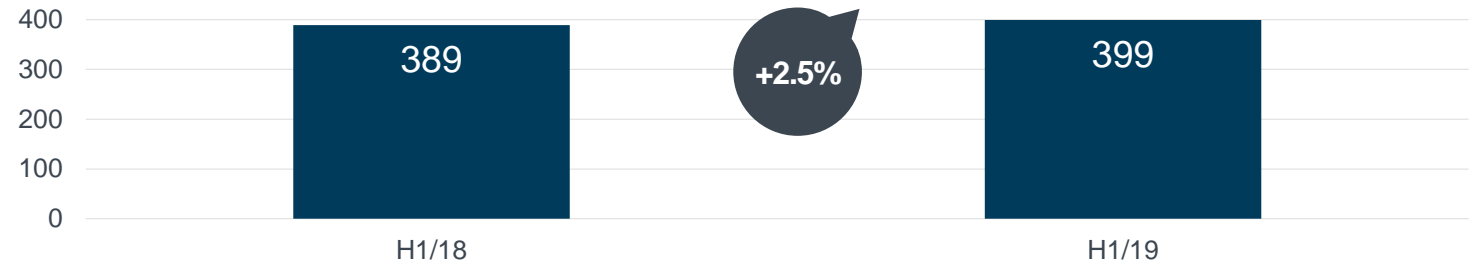
- Good development continued in Europe and the US

Market remained challenging in merchant sector, and orders remained below historical levels

- In offshore, activity remained on a low level

Global container throughput (MTEU) – Key driver for Kalmar

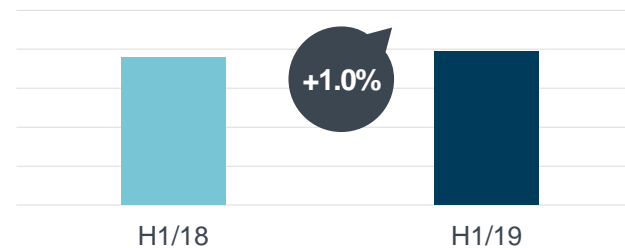
Source: Drewry



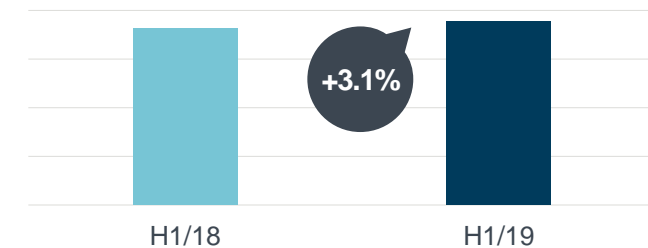
Construction output – Key driver for Hiab

Source: Oxford Economics

United States



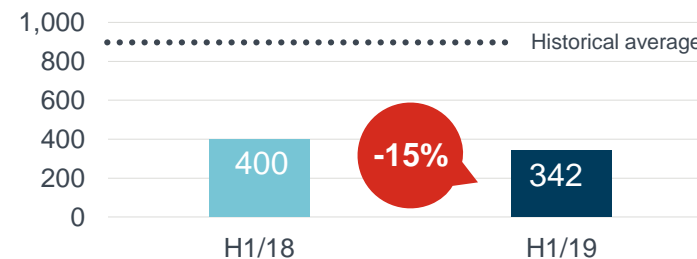
Europe



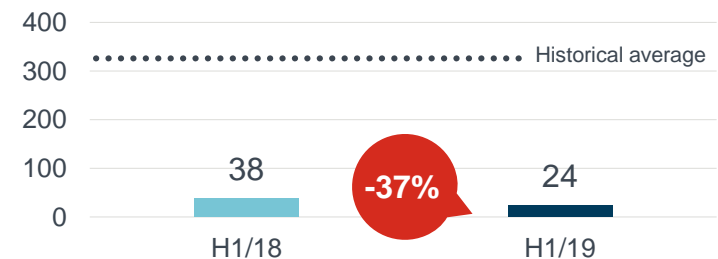
Long term contracting – Key driver for MacGregor

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

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



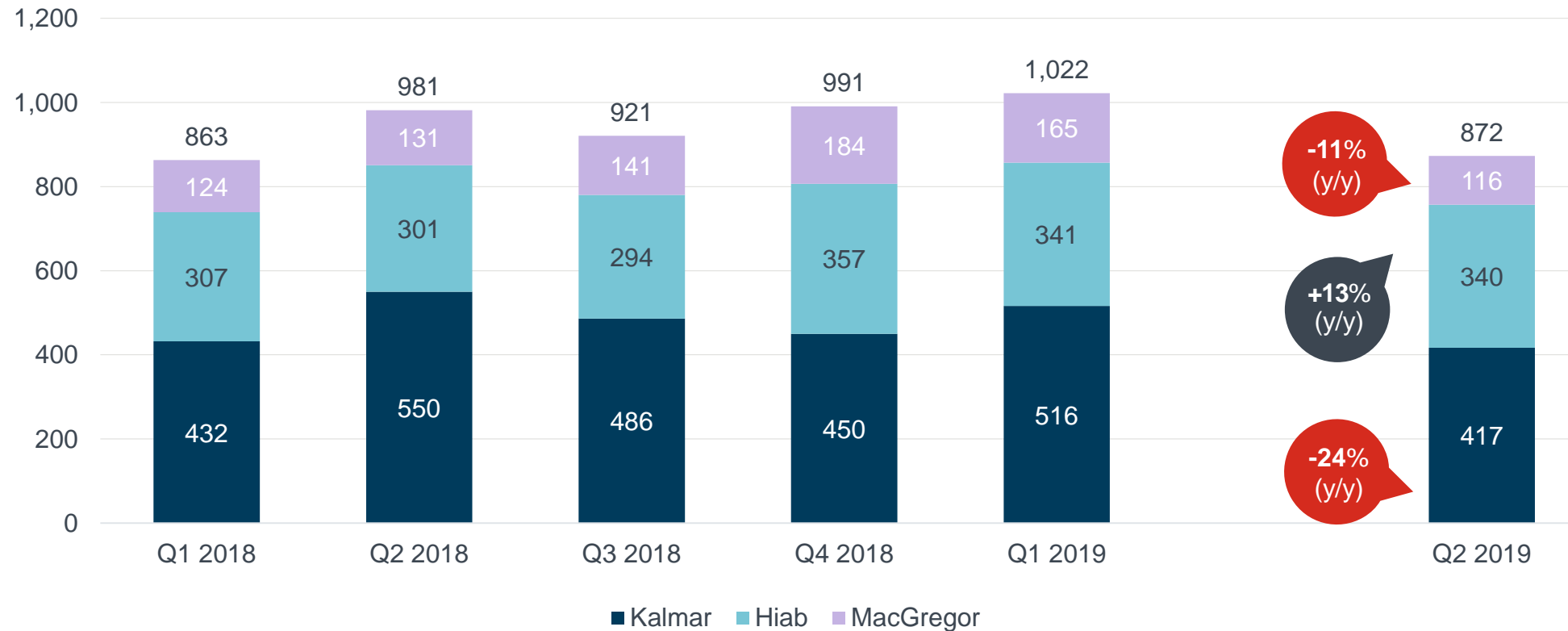
Mobile offshore units



Orders received declined – Comparison period included a large automation order for Kalmar

Orders received

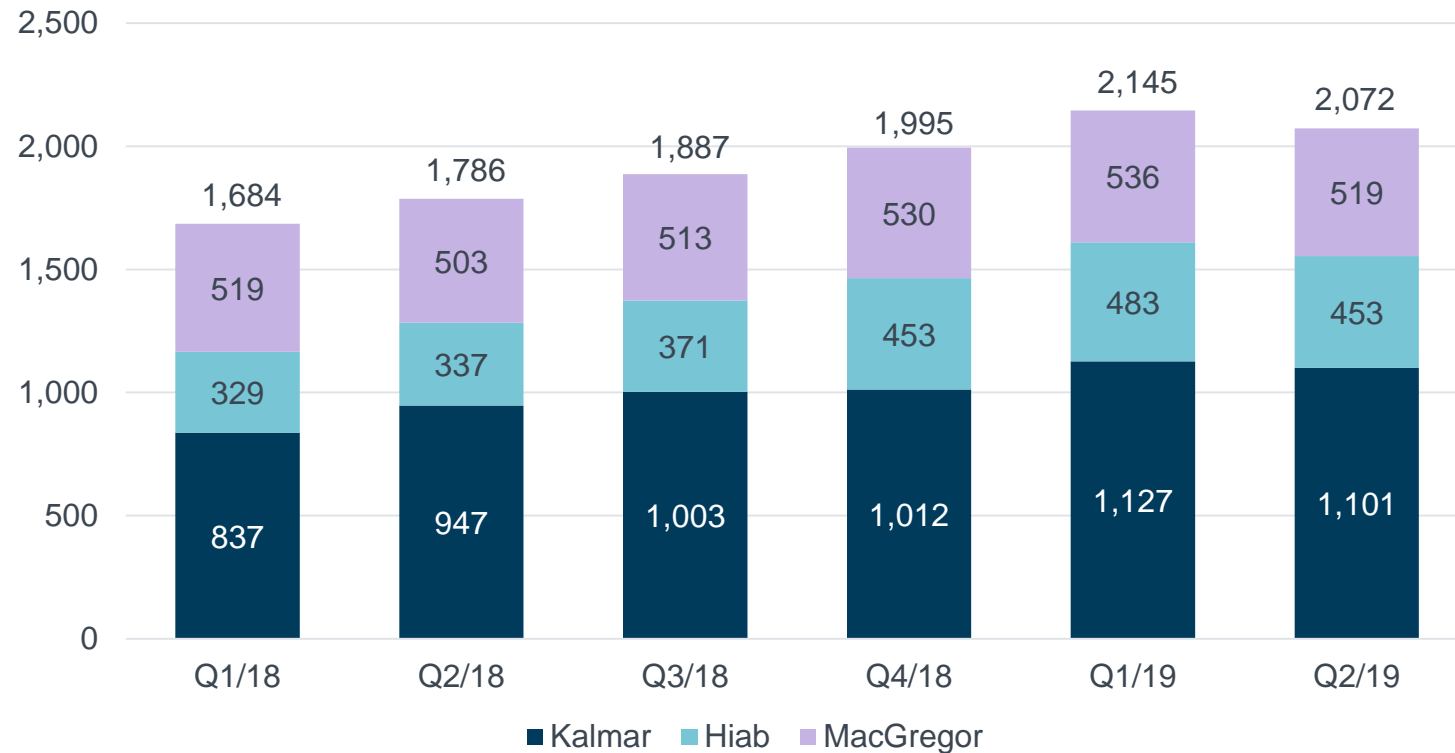
MEUR



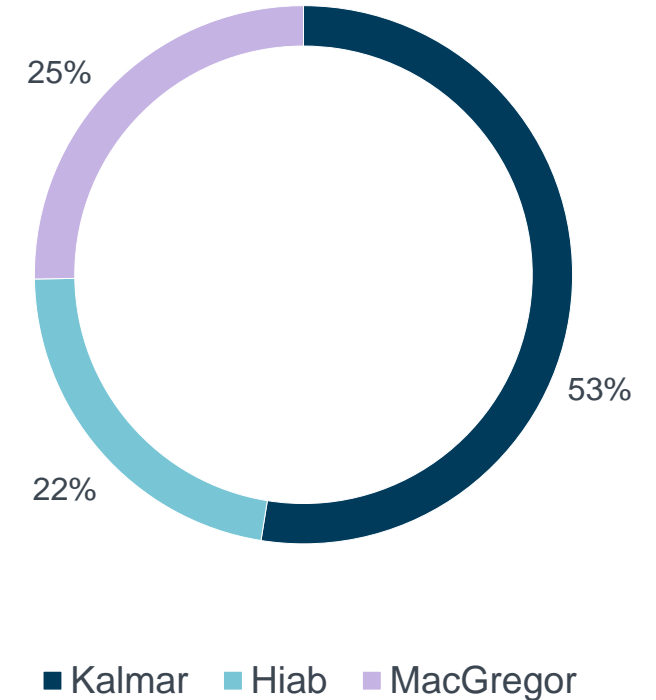
Order book 16% higher than in Q2/18

Order book

MEUR



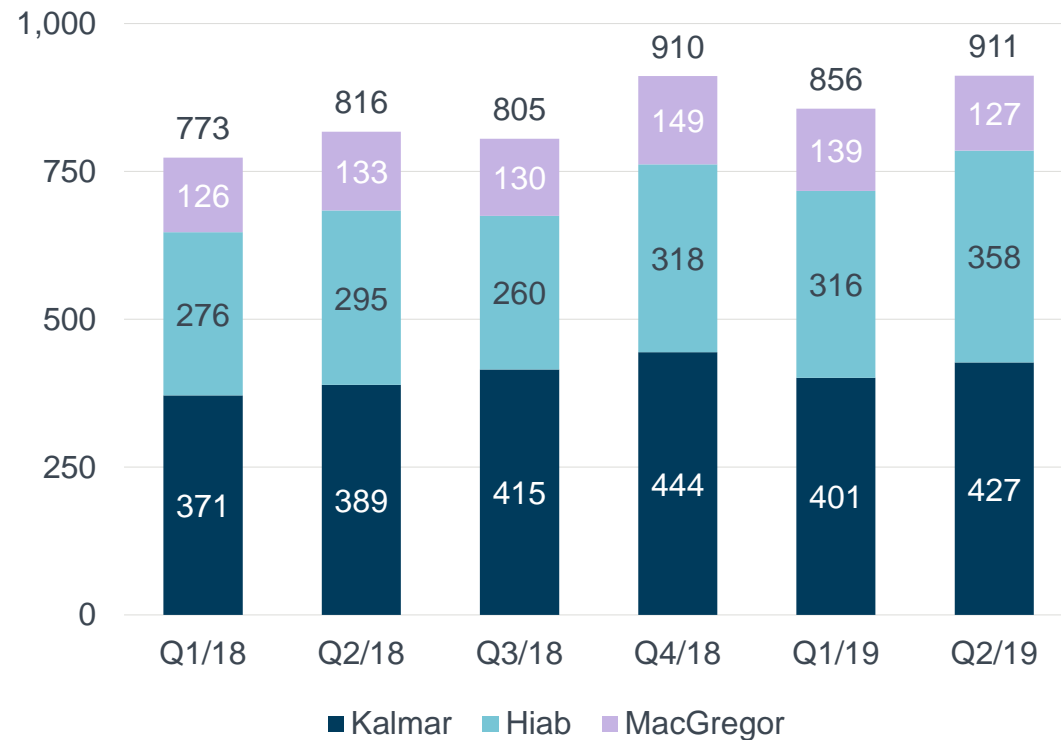
Order book by reporting segment, Q2 2019



Sales increased by 12% and comparable operating profit by 12%

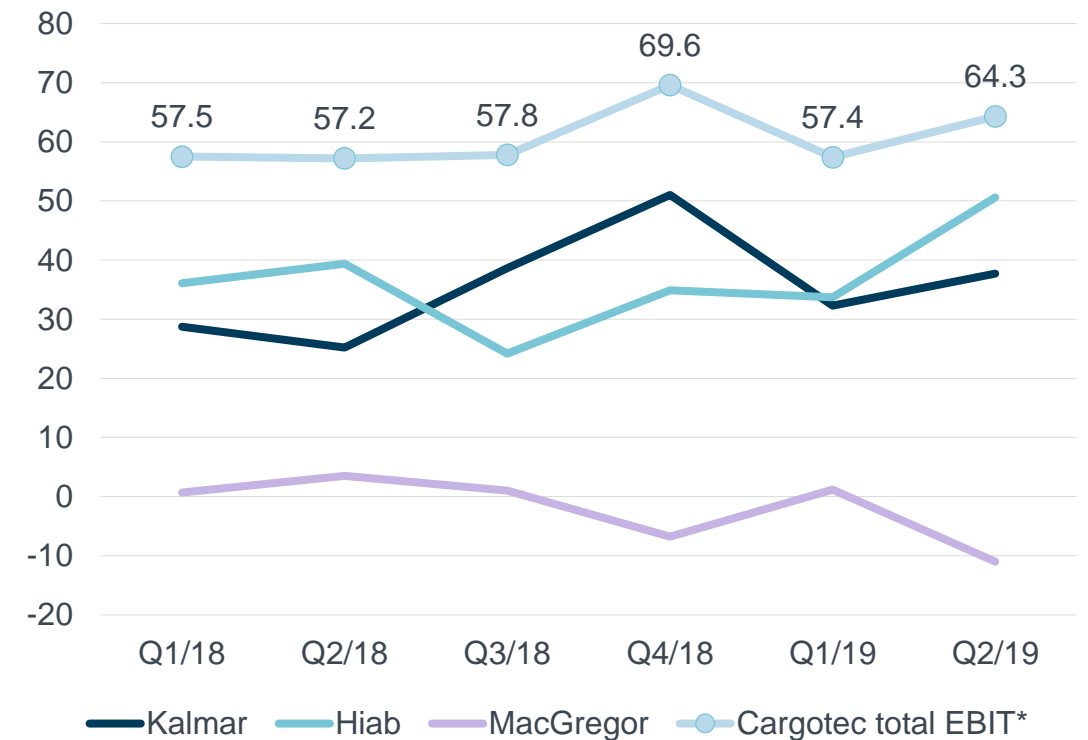
Sales

MEUR



Comparable operating profit

MEUR

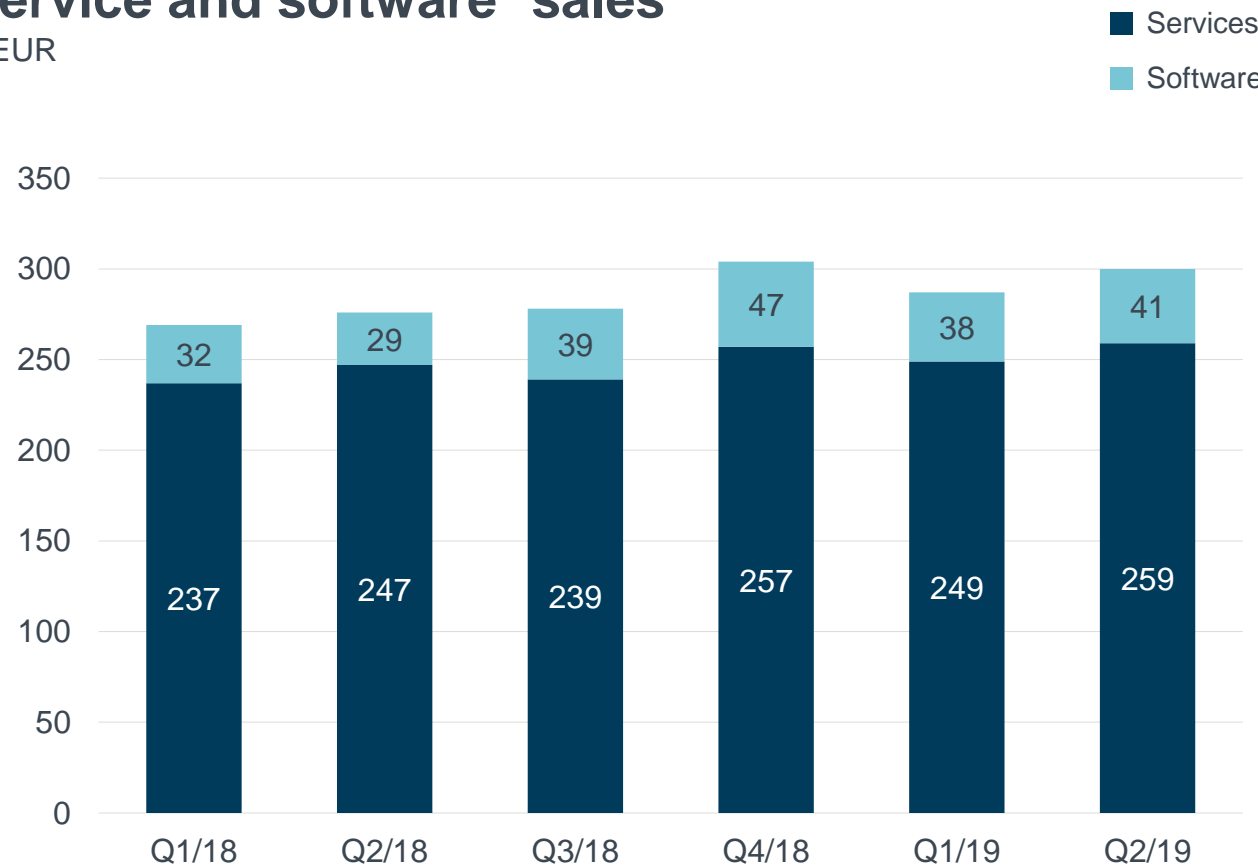


*) Including Corporate admin and support

Growth in service and software sales continued

Service and software* sales

MEUR



*Software sales defined as Navis business unit and automation software

Q2 2019 service sales +5%

- Kalmar +2%
 - +6% in comparable FX and adjusted for divestments
- Hiab +14%
- MacGregor -1%
- Total service sales +6% in comparable FX and adjusted for acquisitions and divestments

Software sales +42%

Service and software sales constituted 33% of total sales in H1/19



Business areas

Cargotec's January–June 2019 half year financial report

Kalmar Q2 – Strong profit growth

Orders received decreased

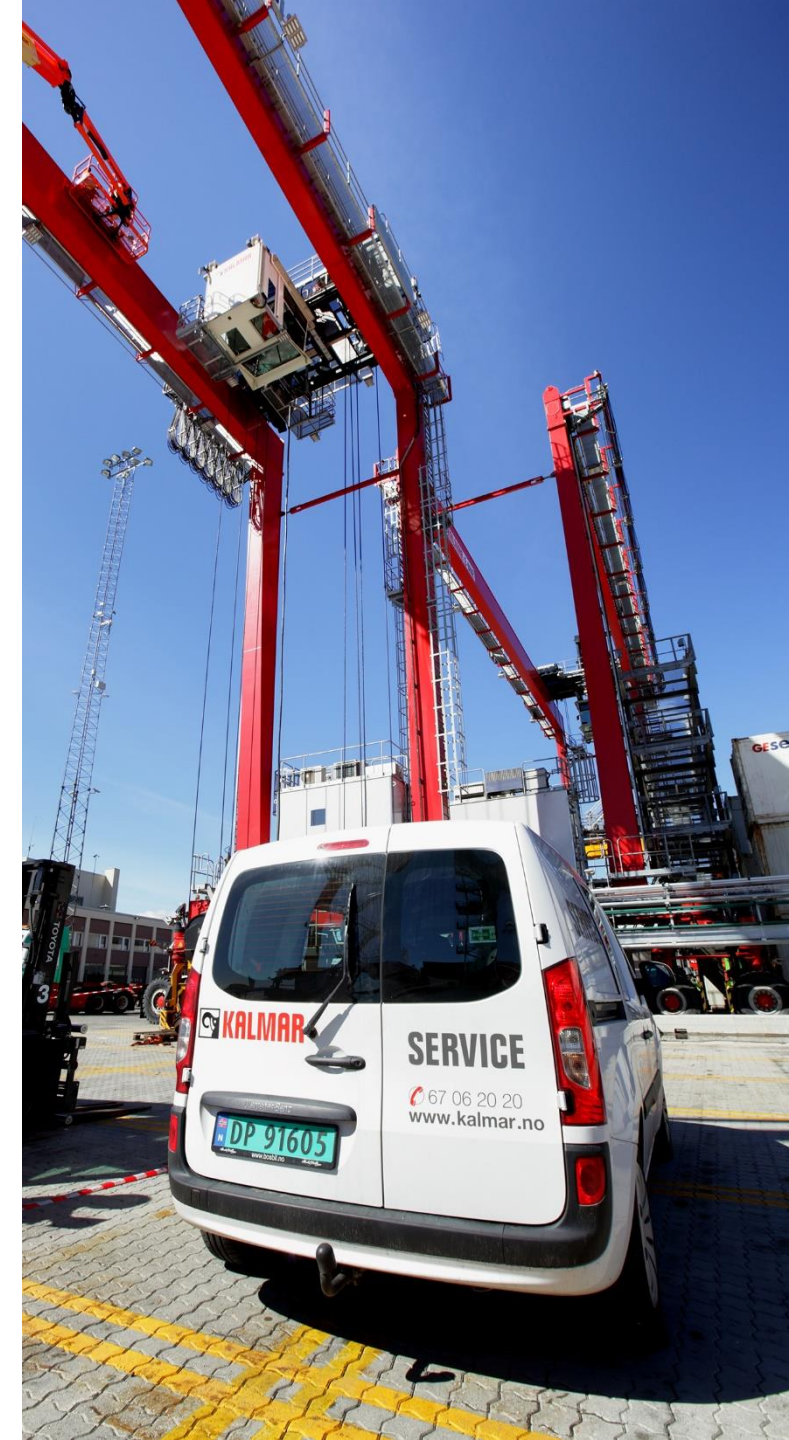
- Comparison period included EUR 80 million automation order
- Lower orders in mobile equipment

Sales increased +10%

- Services growth +6% in comparable FX and adjusted for divestments

Profitability improvement driven by higher sales

MEUR	Q2/19	Q2/18	Change
Orders received	417	550	-24%
Order book	1,101	947	+16%
Sales	427	389	+10%
Comparable operating profit	37.7	25.2	+49%
Comparable operating profit margin	8.8%	6.5%	+235bps



Hiab Q2 – Record high operating profit

Orders received grew +13%

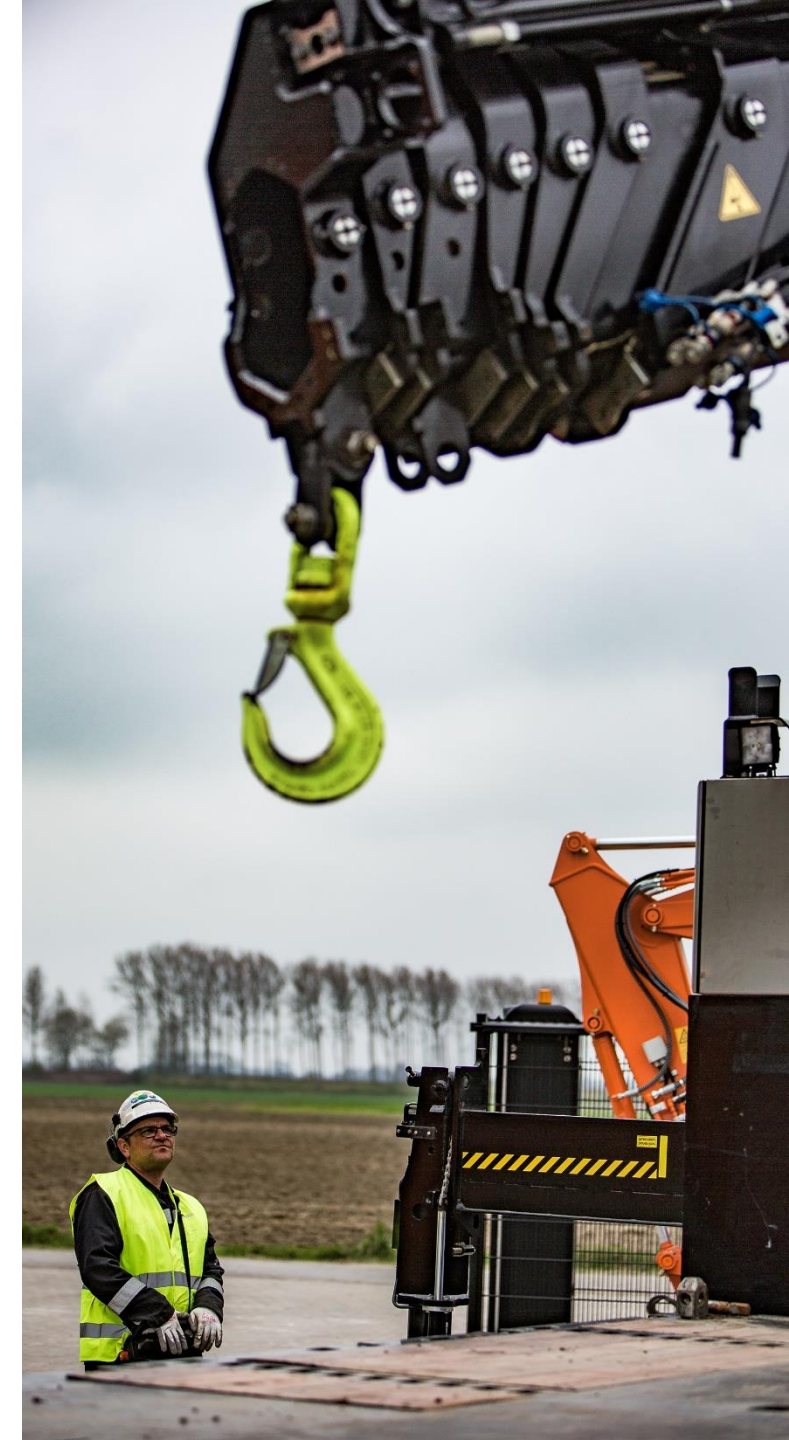
- Growth in EMEA (+13%) and Americas (+18%)
- Services +7%

Sales +22%

- Sales +14% excl. Effer acquisition
- Service sales +14%

Comparable operating profit increased due to sales growth

MEUR	Q2/19	Q2/18	Change
Orders received	340	301	+13%
Order book	453	337	+35%
Sales	358	295	+22%
Comparable operating profit	50.6	39.4	+29%
Comparable operating profit margin	14.1%	13.4%	+76bps



MacGregor Q2 – Weak result

Orders received -11%

- Decline in equipment orders, service orders +19%

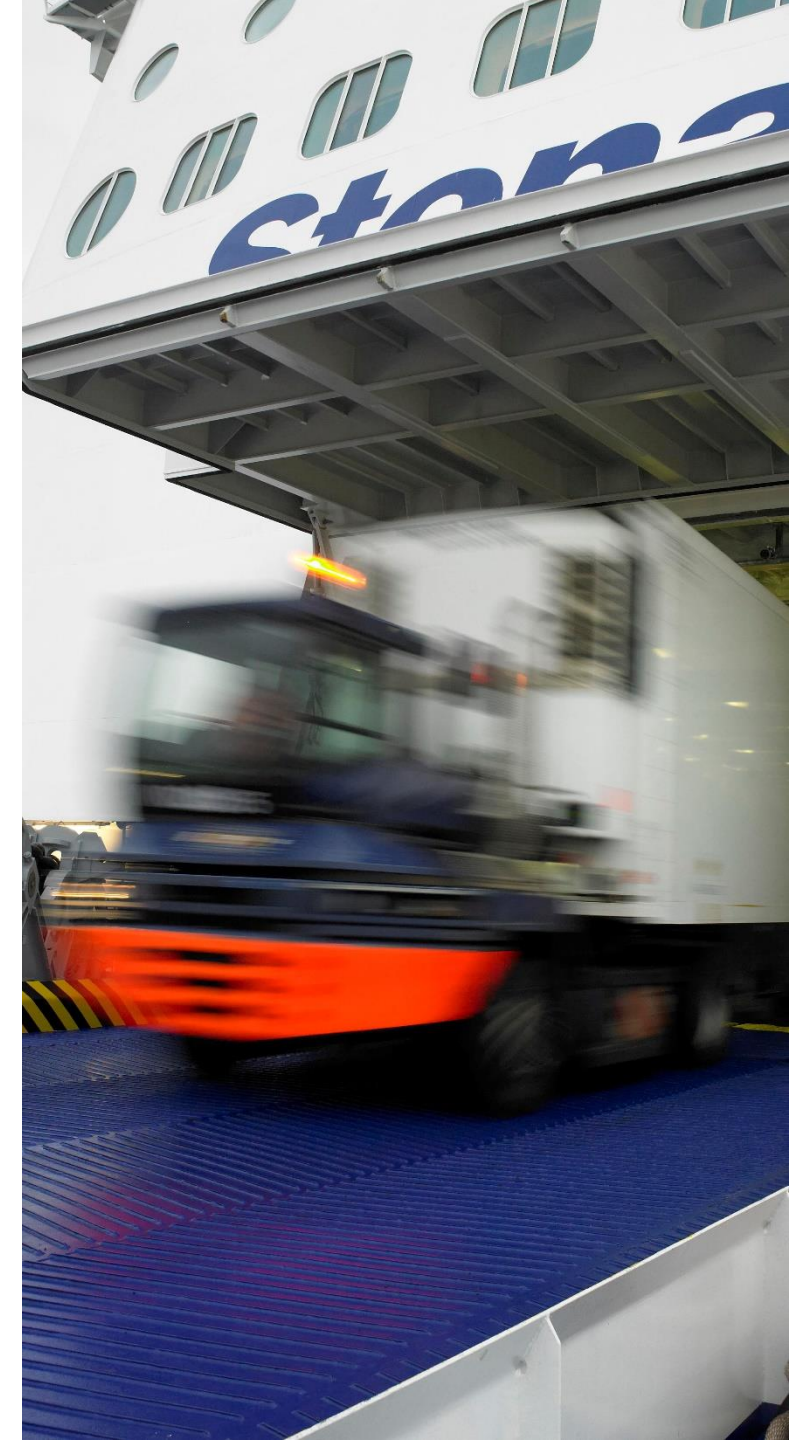
Sales -5%

- Service sales -1%

Comparable operating profit at loss

- Comparable operating profit declined due to lower sales, cost overruns in certain offshore projects and low capacity utilisation in offshore
- Productivity to be addressed

MEUR	Q2/19	Q2/18	Change
Orders received	116	131	-11%
Order book	519	503	+3%
Sales	127	133	-5%
Comparable operating profit	-11.0	3.5	< -100%
Comparable operating profit margin	-8.7%	2.6%	-1,134bps



Financials and outlook

Cargotec's January–June 2019 half
year financial report



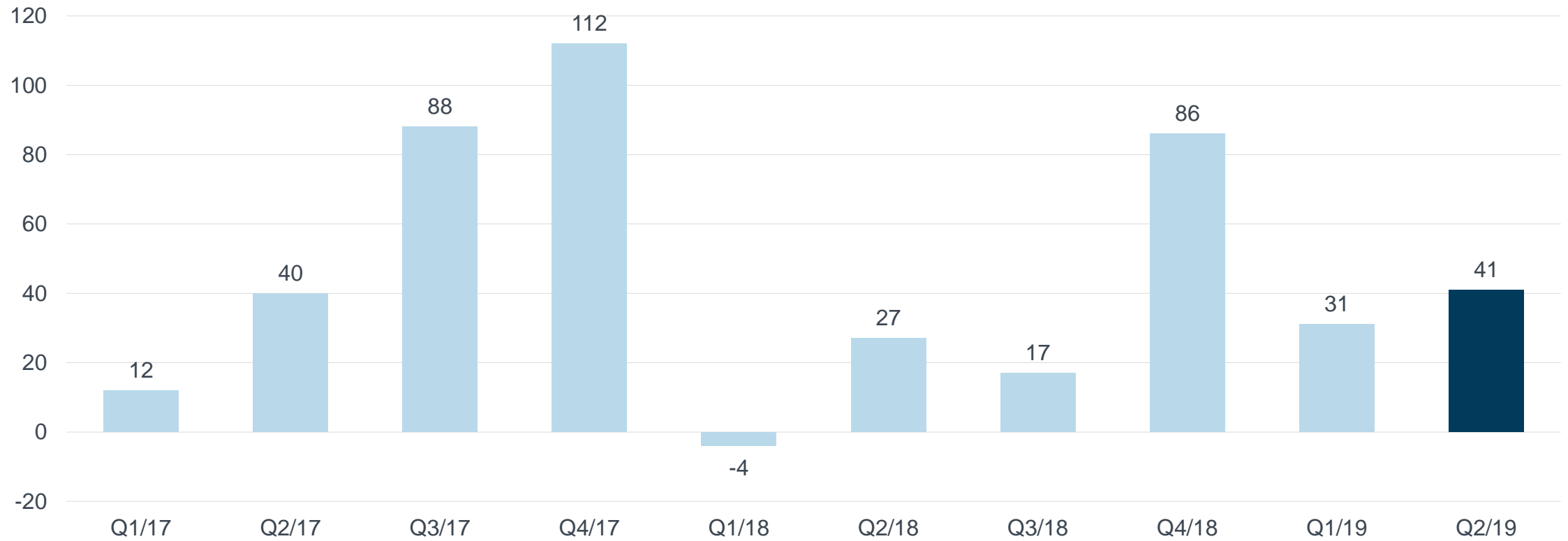
Key figures – Sales and operating profit increased

	Q2/19	Q2/18	Change	H1/19	H1/18	Change
Orders received, MEUR	872	981	-11%	1,894	1,844	+3%
Order book, MEUR	2,072	1,786	+16%	2,072	1,786	+16%
Sales, MEUR	911	816	+12%	1,767	1,589	+11%
Comparable operating profit, MEUR	64.3	57.2	+12%	121.7	114.7	+6%
Comparable operating profit, %	7.1%	7.0%	+5bps	6.9%	7.2%	-33bps
Items affecting comparability, MEUR	-11.3	-35.8	+69%	-17.6	-40.1	+56%
Operating profit, MEUR	53.0	21.3	> +100%	104.1	74.5	+40%
Operating profit, %	5.8%	2.6%	+321bps	5.9%	4.7%	+120bps
Net income, MEUR	29.0	2.3	> +100%	60.0	36.0	+67%
Earnings per share, EUR	0.45	0.03	> +100%	0.93	0.55	+70%
Earnings per share, EUR*	0.57	0.51	+11%	1.12	1.08	+3%

Cash flow from operations improving

Cash flow from operations before financing items and taxes

MEUR



Strong financial position

Interest-bearing net debt EUR 876 million (31 Dec 2018: 625)

- Average interest rate* 1.9% (2.4%)
- Net debt/EBITDA 2.8 (2.3)

Net debt and gearing increased mainly due to IFRS 16

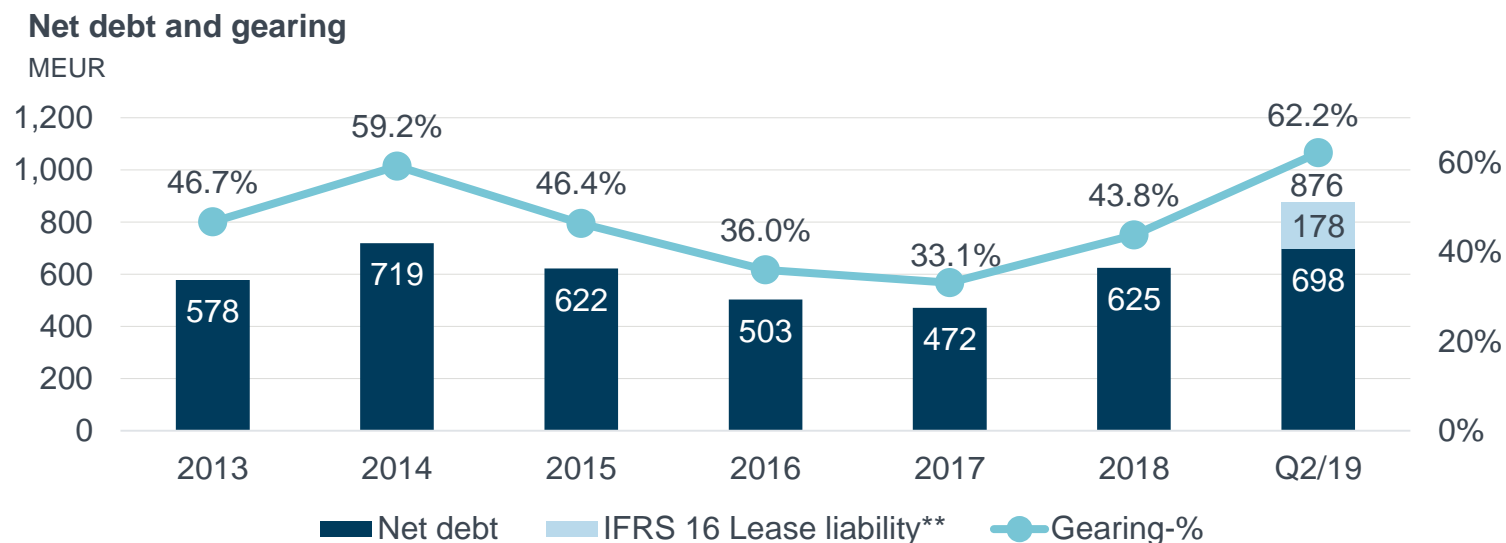
- Gearing without IFRS 16 approximately 49%

Total shareholders' equity EUR 1,406 million (1,426)

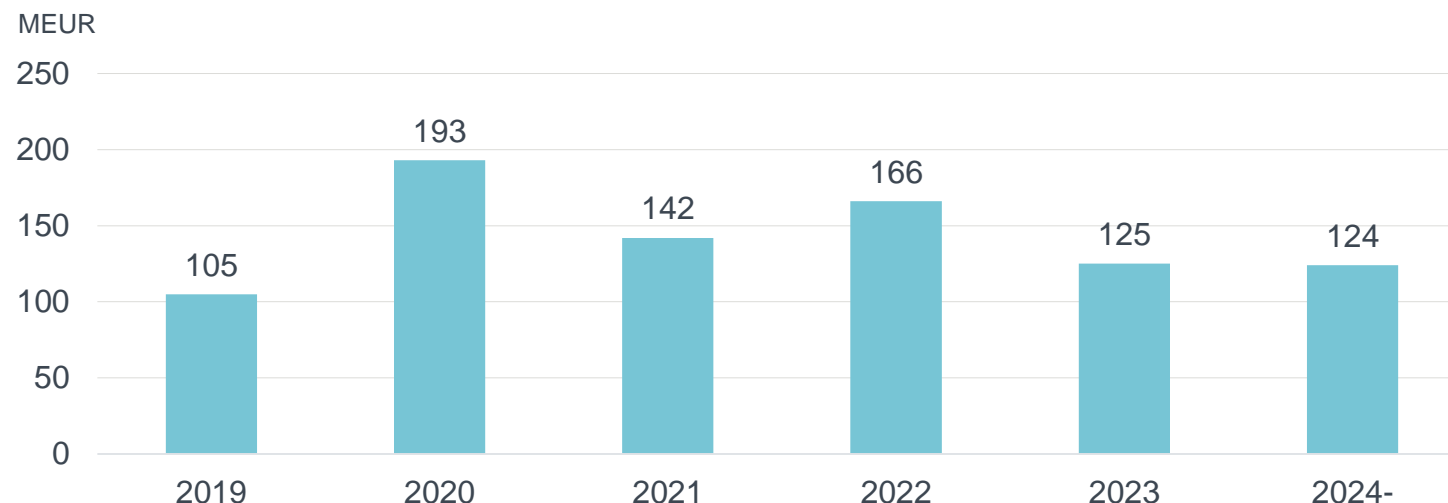
- Equity/total assets 38.8% (40.9%)

Balanced maturity profile

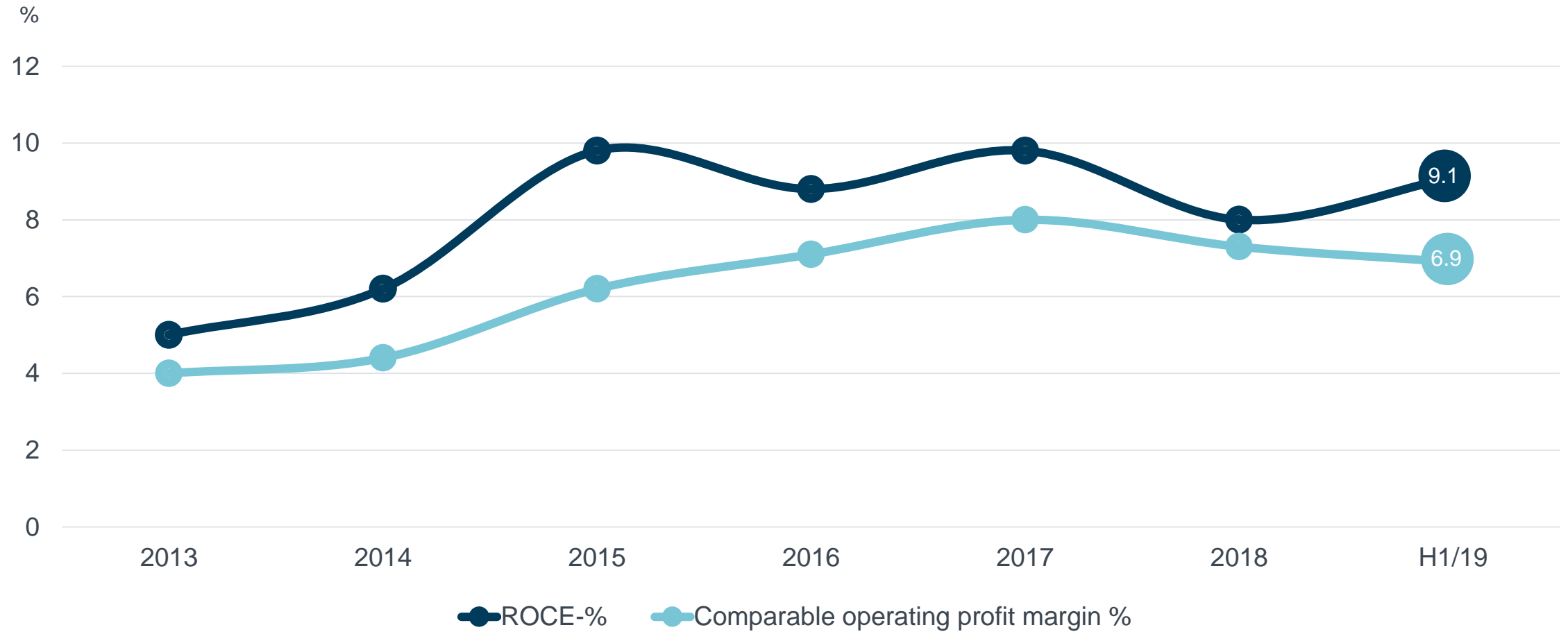
- EUR 105 million loans maturing in 2019



Maturity profile



ROCE improving



ROCE (return on capital employed), last 12 months



Outlook for 2019

Cargotec reiterates its outlook published on 8 February 2019 and expects its comparable operating profit for 2019 to improve from 2018 (EUR 242.1 million).

