

18 July 2019

# Good progress in Hiab and Kalmar

Cargotec's January–June 2019 half year financial report  
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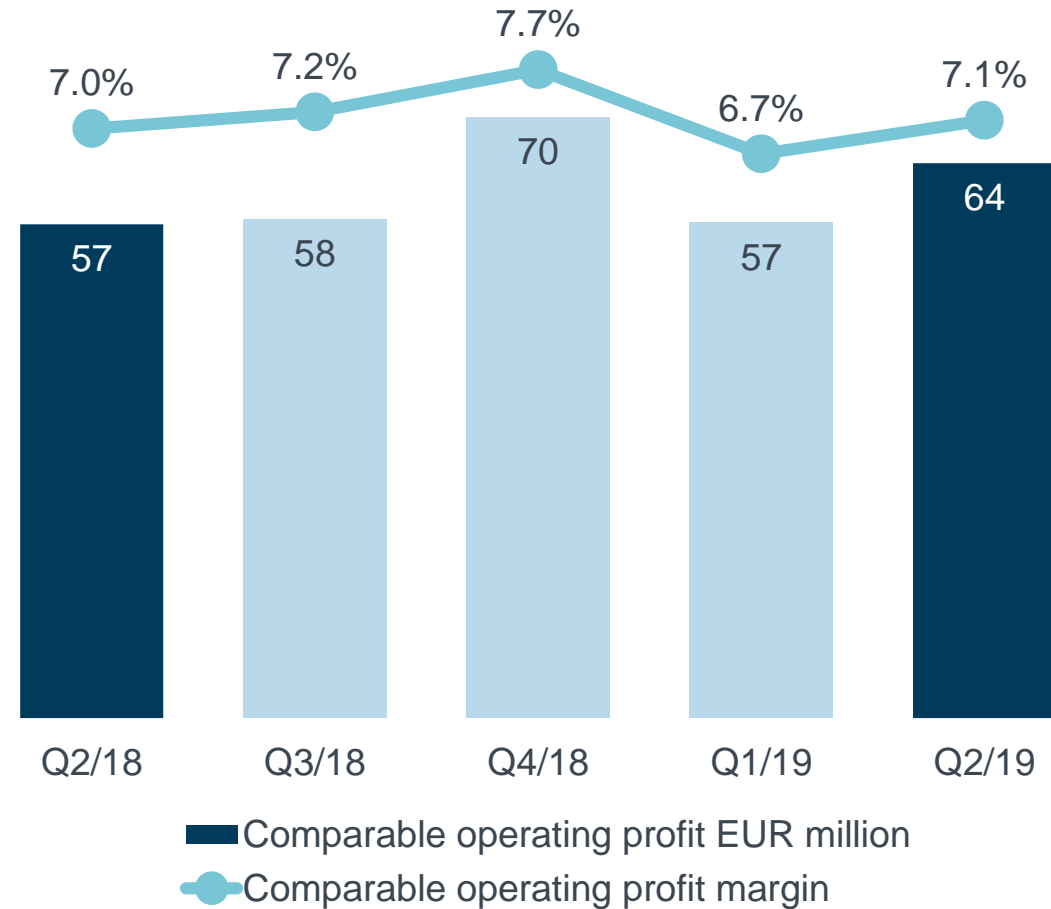
# Highlights of Q2 2019 – Comparable operating profit increased

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

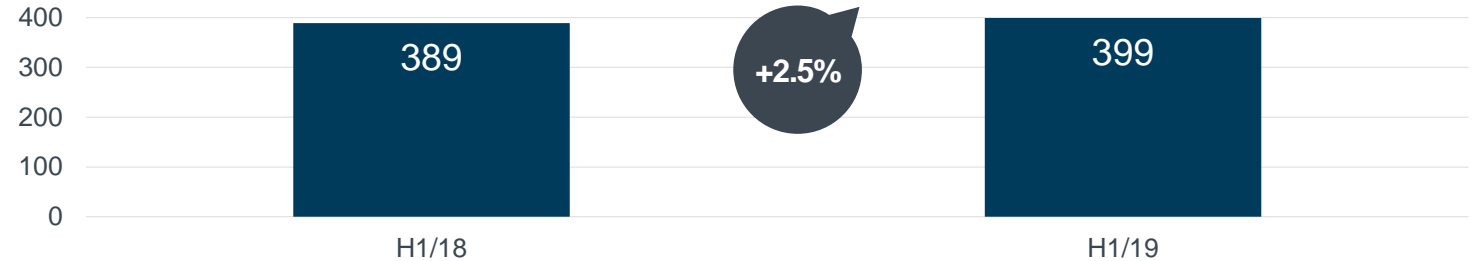
- Good development continued in Europe and the US

## 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

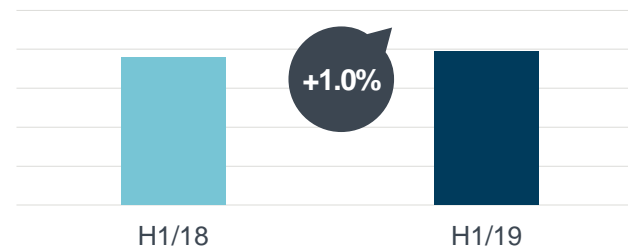
Source: Drewry



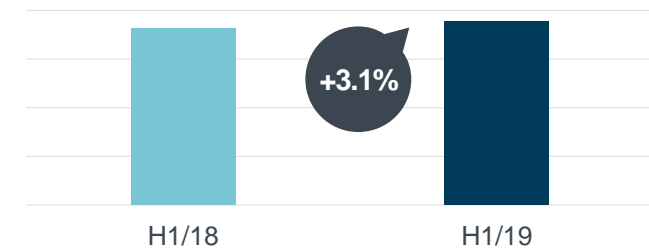
### Construction output – Key driver for Hiab

Source: Oxford Economics

#### United States



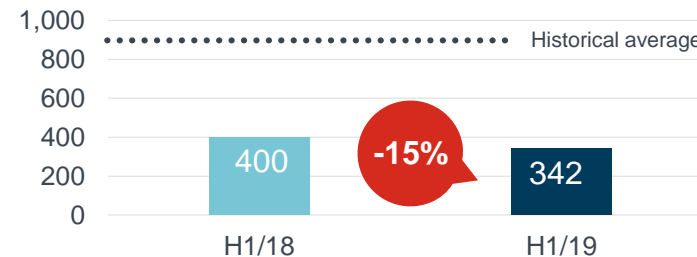
#### Europe



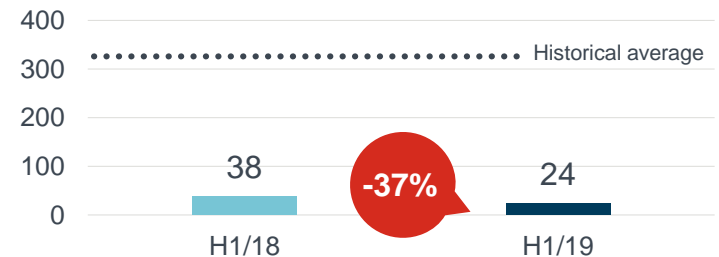
### Long term contracting – Key driver for MacGregor

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

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



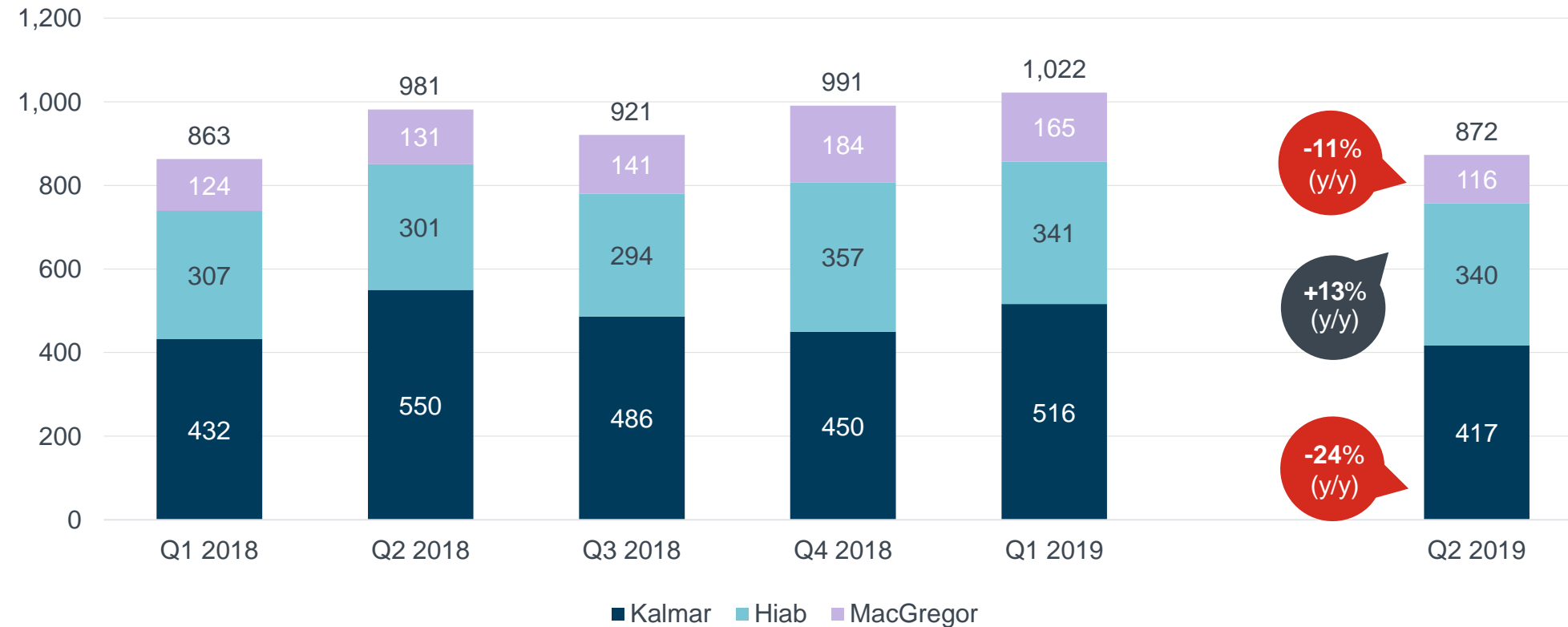
#### Mobile offshore units



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

## Orders received

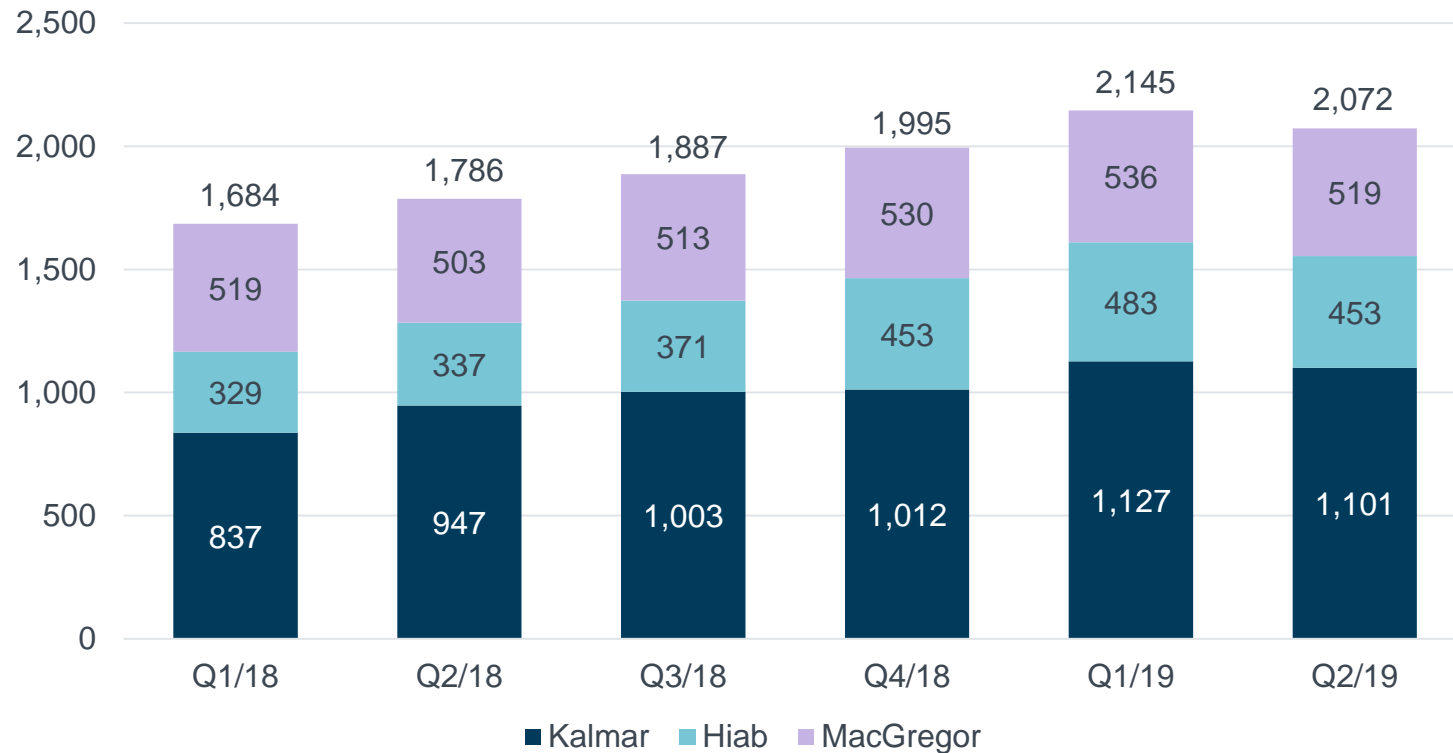
MEUR



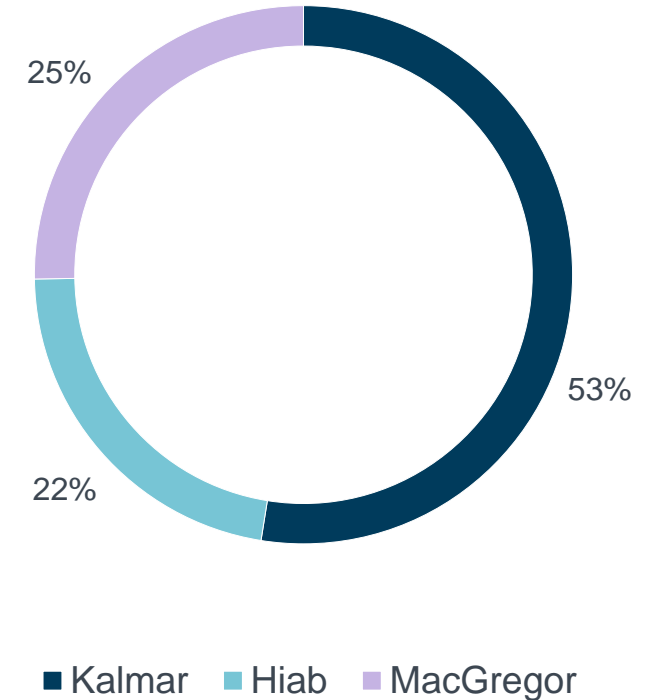
# Order book 16% higher than in Q2/18

## Order book

MEUR



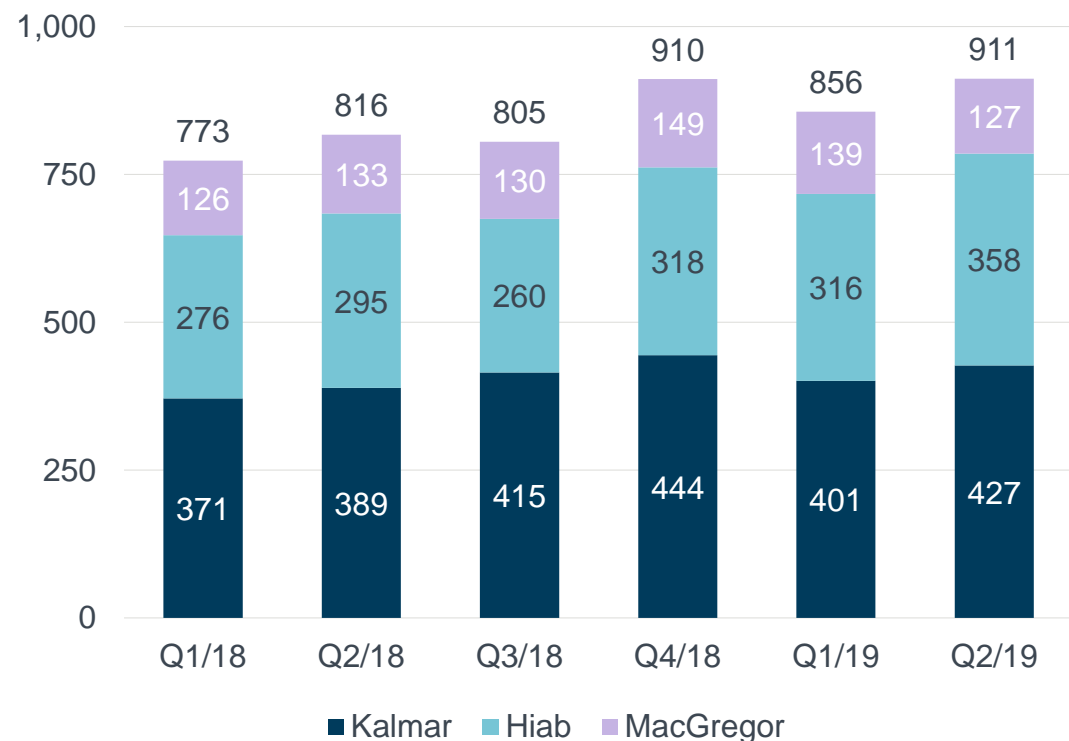
## Order book by reporting segment, Q2 2019



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

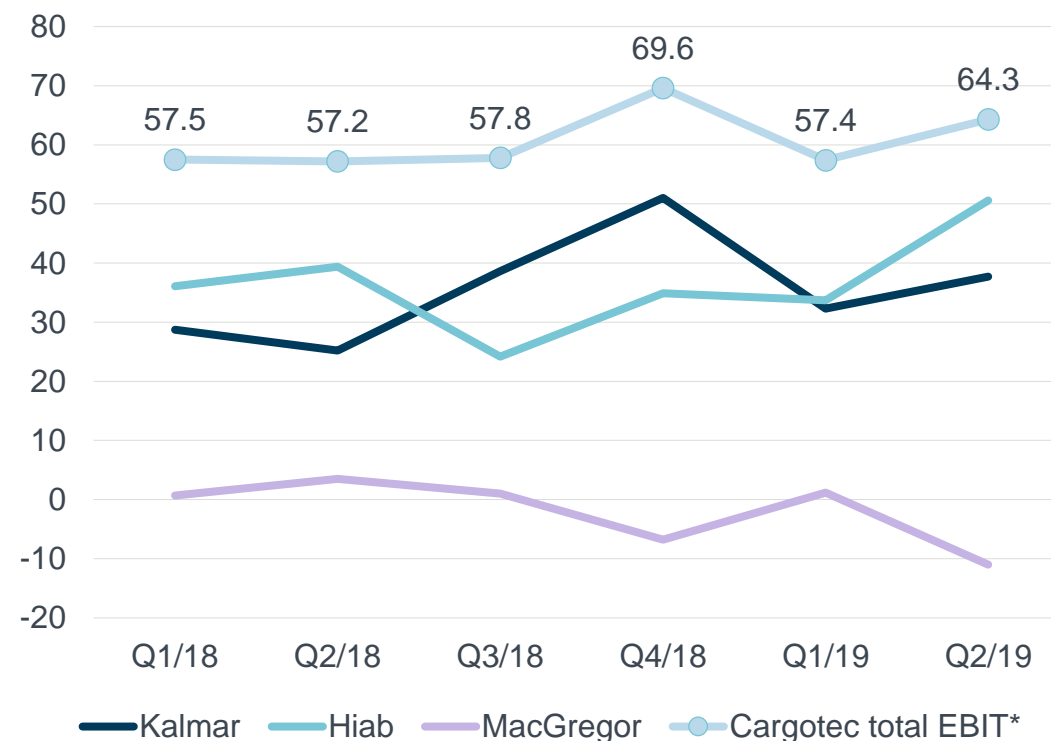
## Sales

MEUR



## Comparable operating profit

MEUR



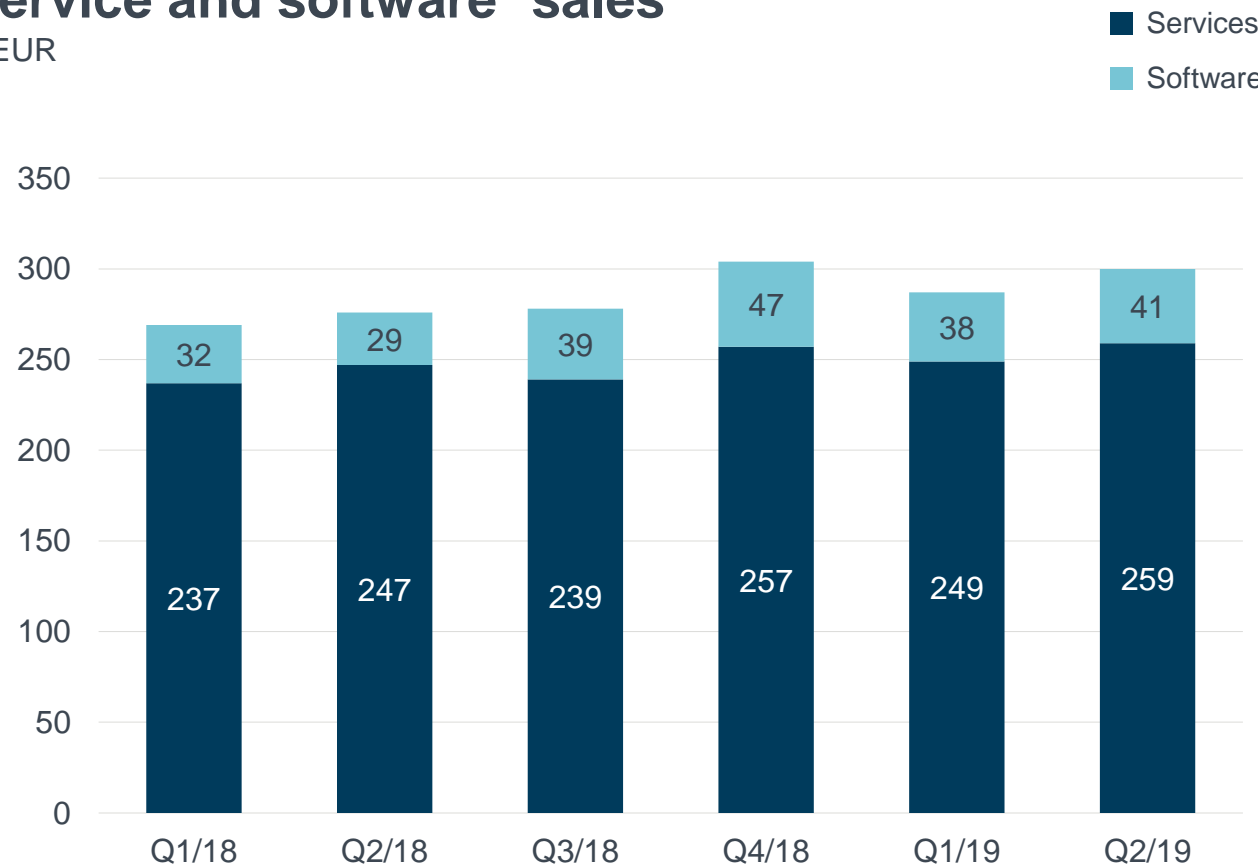
\*) Including Corporate admin and support



# 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

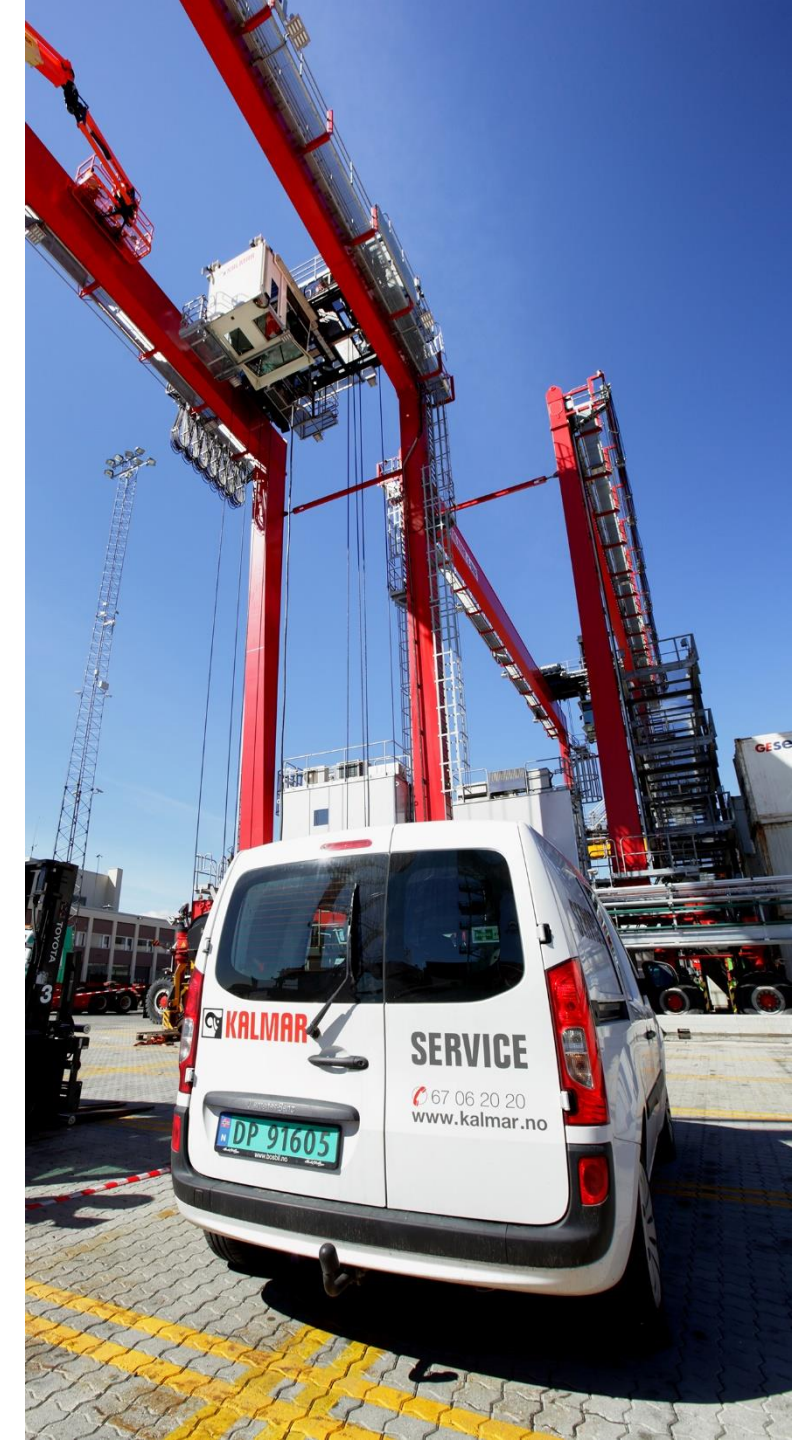
- Comparison period included EUR 80 million automation order
- Lower orders in mobile equipment

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%

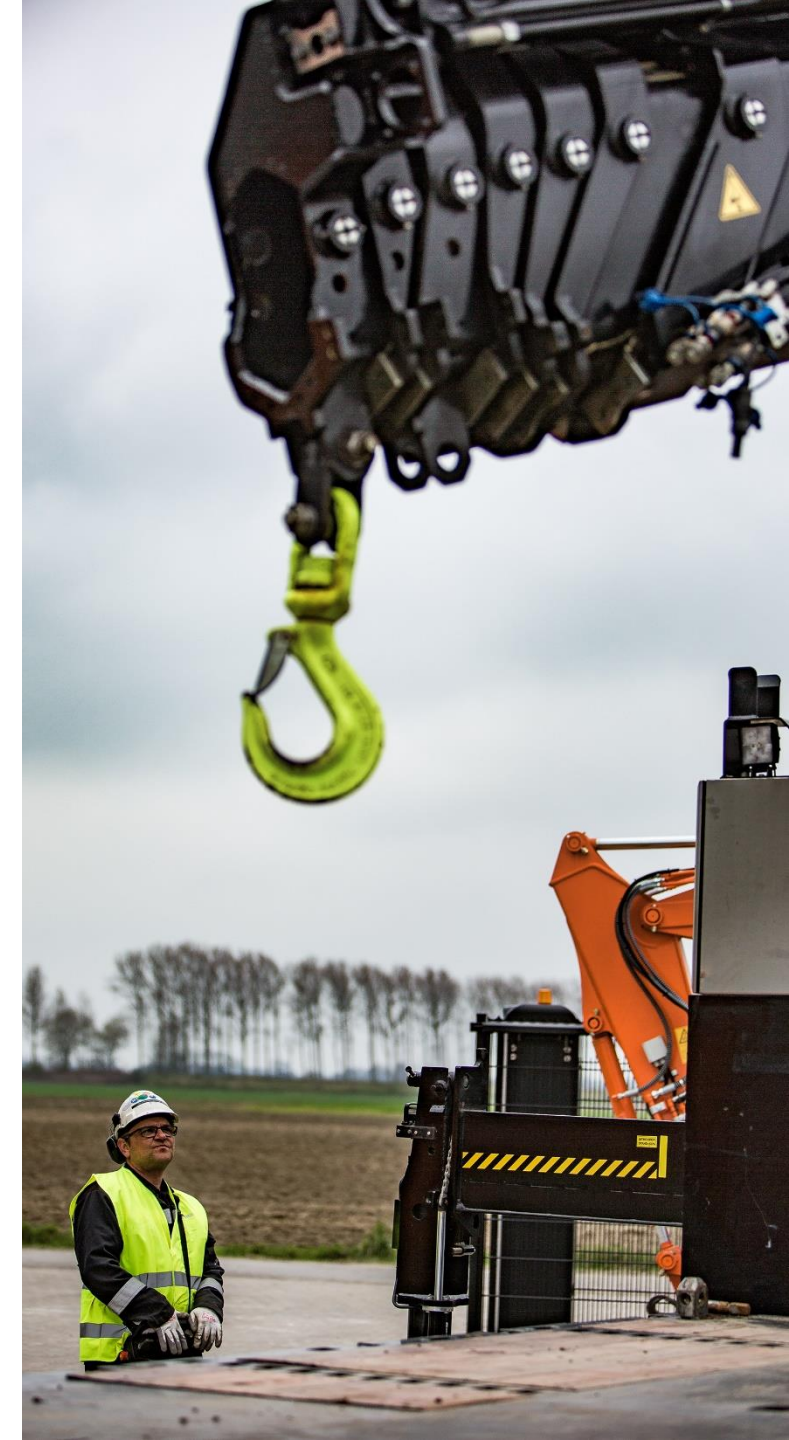
- Growth in EMEA (+13%) and Americas (+18%)
- Services +7%

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%

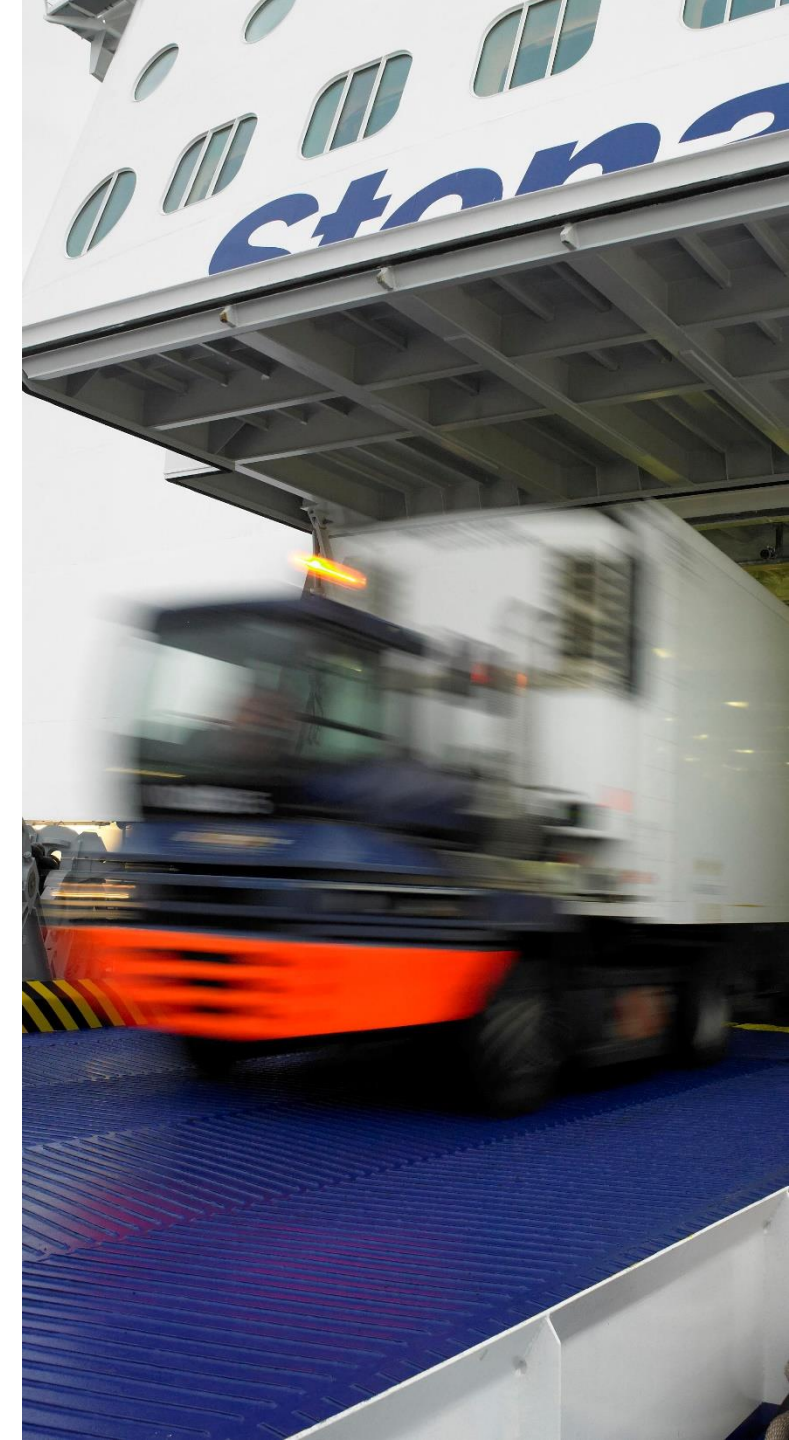
Sales -5%

- 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



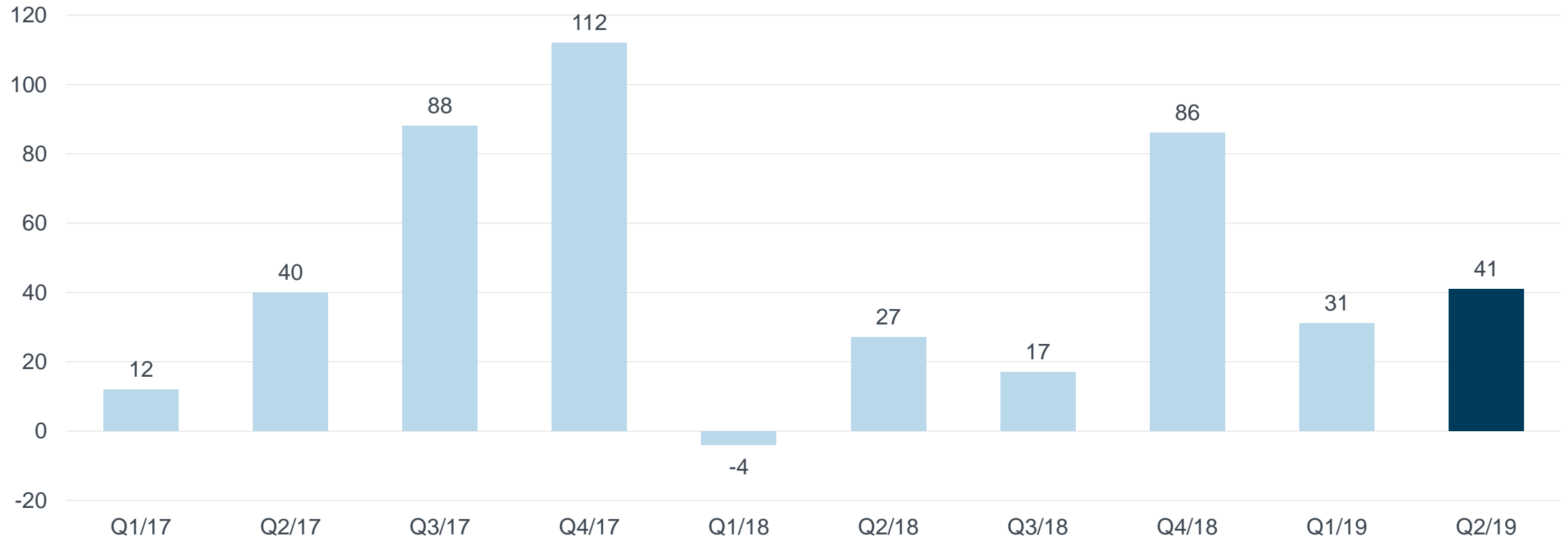
# Key figures – Sales and operating profit increased

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

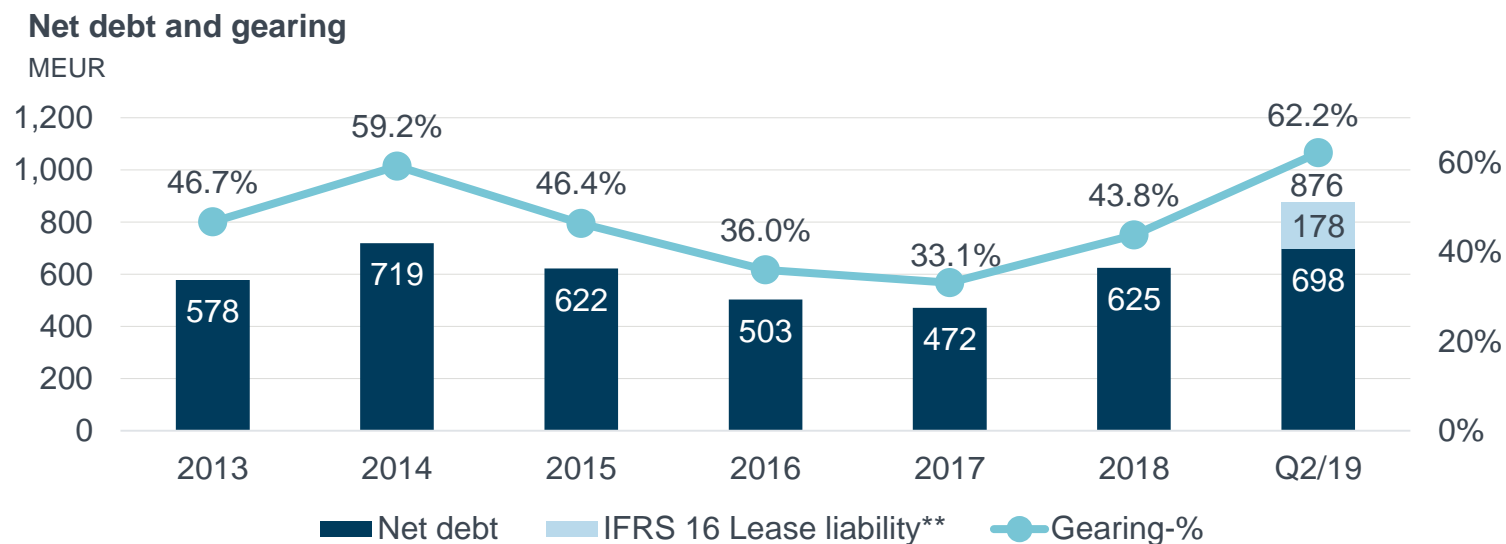
- Gearing without IFRS 16 approximately 49%

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

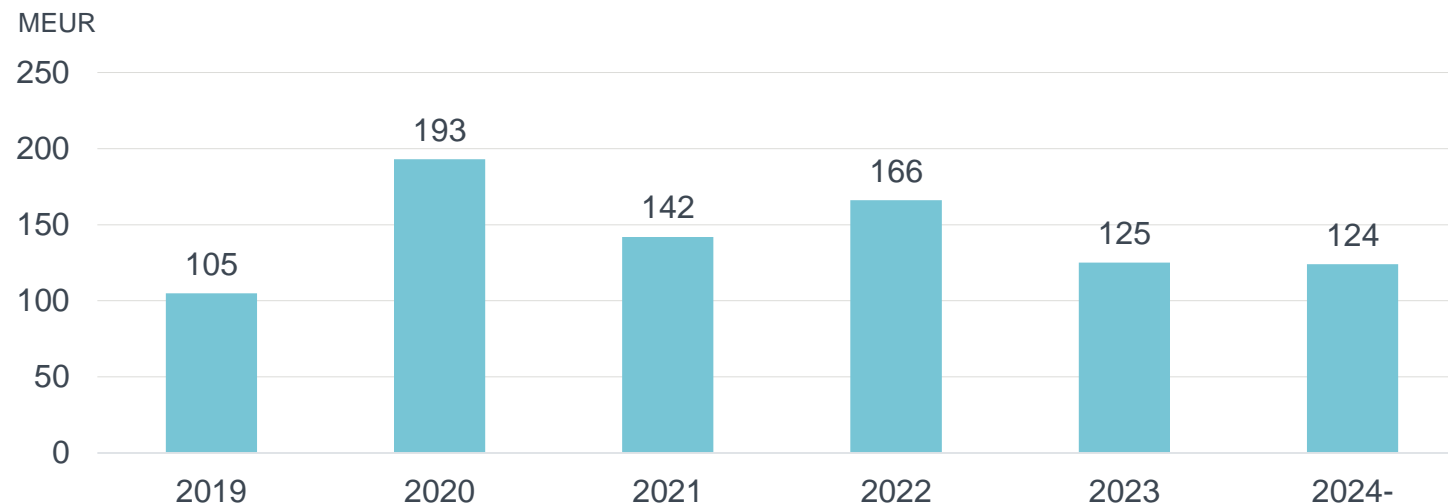
- Equity/total assets 38.8% (40.9%)

## Balanced maturity profile

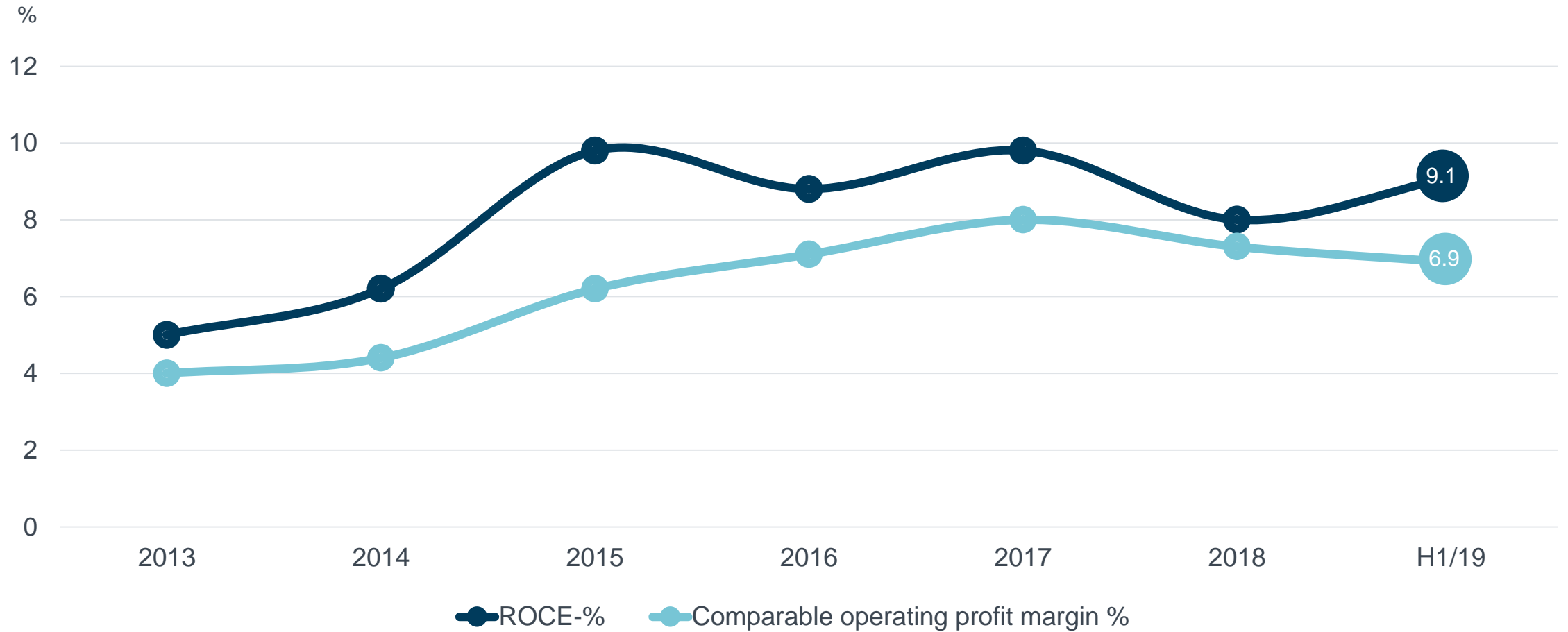
- EUR 105 million loans maturing in 2019



## 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).

