





Q4 2015 Edinburgh road show

23 February 2016

Executive Vice President, CFO Eeva Sipilä

Cargotec in brief



Today's leader in cargo handling equipment

Cargotec Group

Sales: **EUR 3,729 million**

EBIT: **6.2%**

Services: **24%**

Kalmar

45% of sales

EBIT: **7.8%**

Services: **26%**

Hiab

25% of sales

EBIT: **10.8%**

Services: **23%**

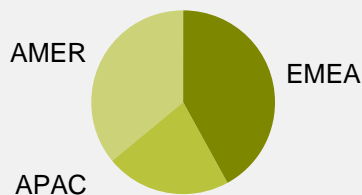
MacGregor

30% of sales

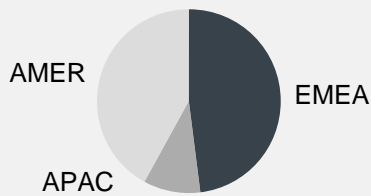
EBIT: **2.6%**

Services: **20%**

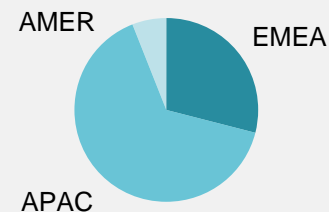
Geographical split of sales in 2015



Geographical split of sales in 2015



Geographical split of sales in 2015



Figures: 2015
EBIT % excluding restructuring costs

Key competitors

MacGregor



Rolls-Royce



LIEBHERR

Kalmar



KONECRANES®
Lifting Businesses™



LIEBHERR

ABB

Hiab



From turnaround to leader in intelligent cargo handling with sector leading profitability

Turnaround is delivering results in Hiab and Kalmar; MacGregor has improvement plan in place

Transformation has started from equipment business to world class services offering and leadership in intelligent cargo handling

Investing to ensure a leading position

Shaping the portfolio to increase shareholder value



→ **10%**

operating profit margin
(EBIT) in each business
area over the cycle

Investing in our transformation to be the leader in intelligent cargo handling

2013

PRODUCT LEADERSHIP

Good equipment company

Product R&D drives offering development

2018

SERVICES LEADERSHIP

World-class service offering

Connected equipment and data analytics building value on data

Significant software business

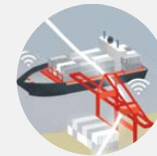


2020

LEADER IN INTELLIGENT CARGO HANDLING

40% of the sales from services and software

More efficient and optimised cargo handling solutions



Must-win battles to support transformation



Build world-class
services offering



Lead
digitalisation



Build world-class
leadership

Committed to improve shareholder return

Business area targets

Operating profit margin (EBIT)
in each business area over the cycle

10%

Growth
Faster than
market growth



Group targets

Gearing

<50%


**Return on capital
employed over the
cycle (ROCE pre-tax)**

15%

Dividend

30-50%

of earnings
per share



Well positioned to become the leader in intelligent cargo handling

Execution capabilities in place and
profitability improving

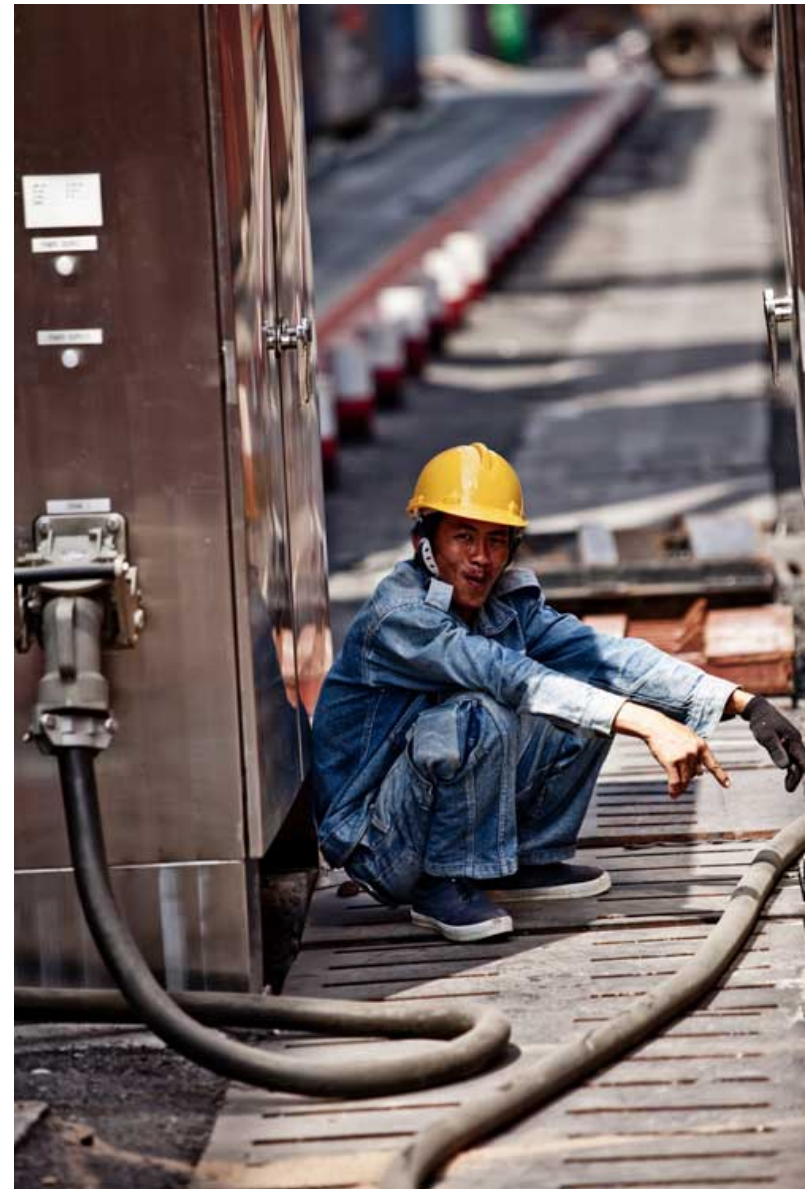
Building on tremendous strengths

Transforming from equipment company
to a company that will shape the cargo
handling industry

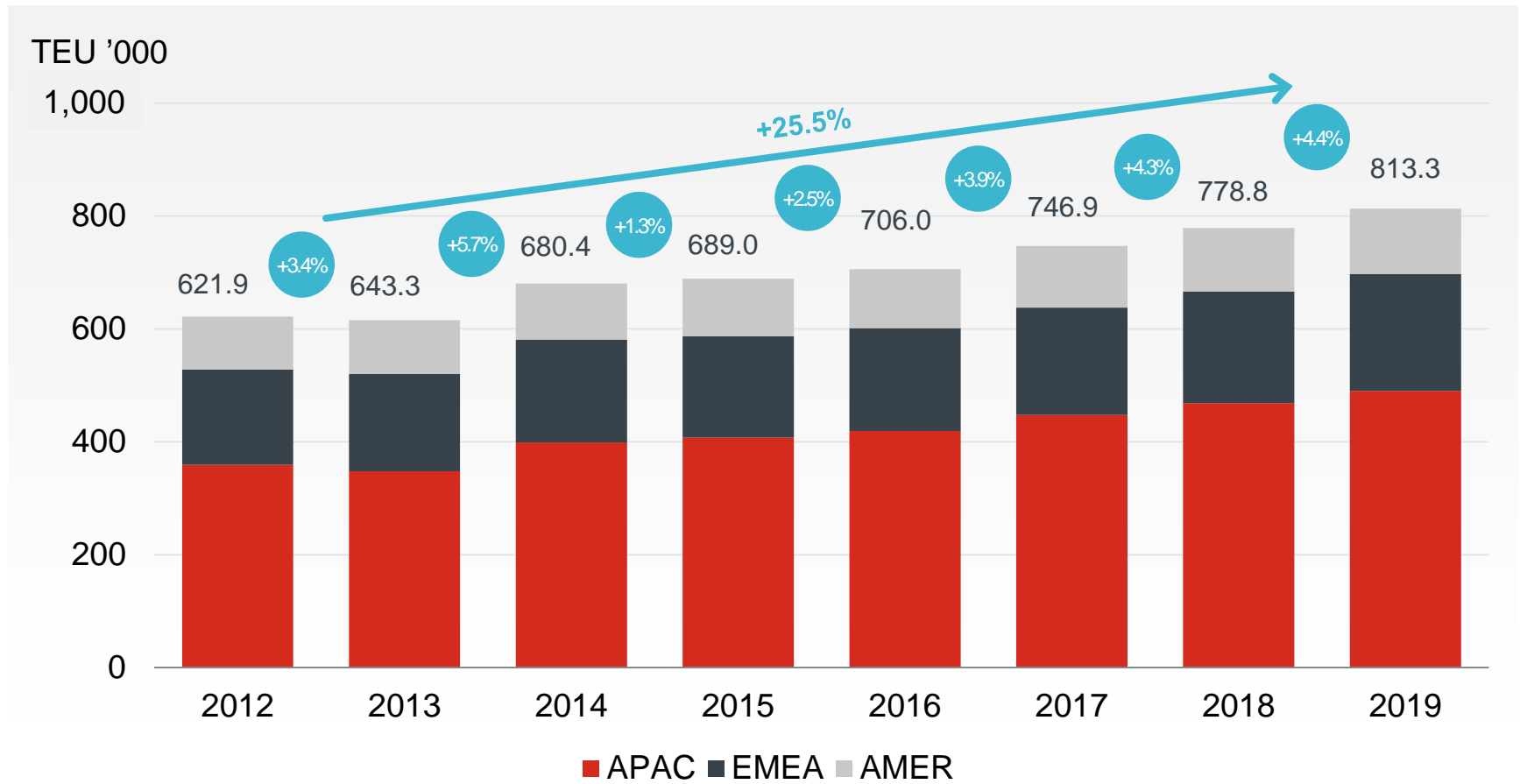
Investing to ensure a leading position

Shaping our portfolio to drive growth and
shareholder value

Kalmar



Container throughput forecasted to grow year on year



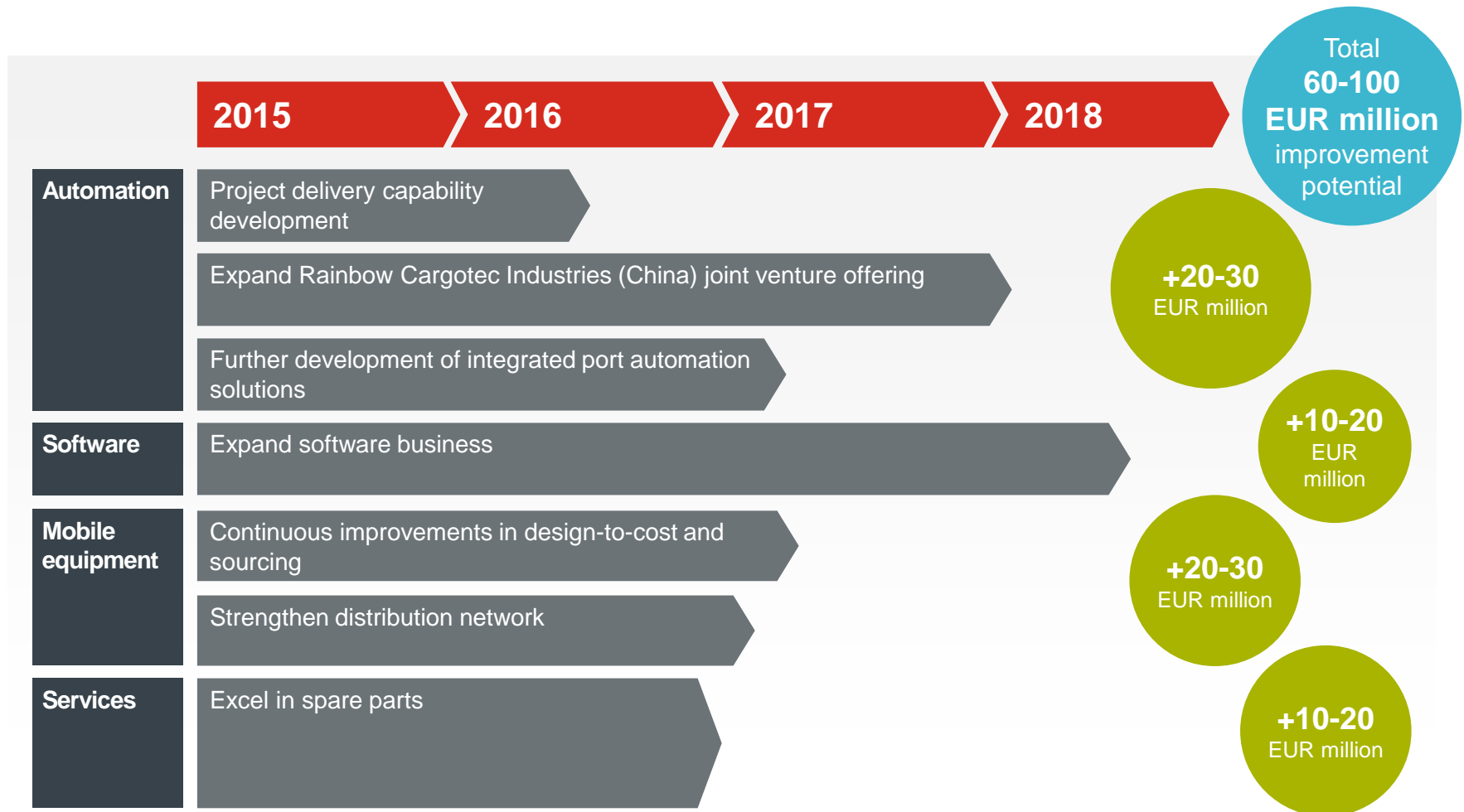
Source: Drewry: Global Container Terminal Operators Annual Report 2015; Drewry Container forecaster Q4 2015

Kalmar has strong position in attractive segments

Over 80% of Kalmar business is in ports and terminals

	Market position	Trend	Market size
 Automation & Projects	#1-2	→	EUR 7.5 billion
 Mobile equipment	#1	→	
 Bromma	#1	↗	
 Navis	#1	↗	
 Services	#1	↗	EUR 7.6 billion

Kalmar's profit improvement potential 2016-2018



Kalmar's focus on profitable growth

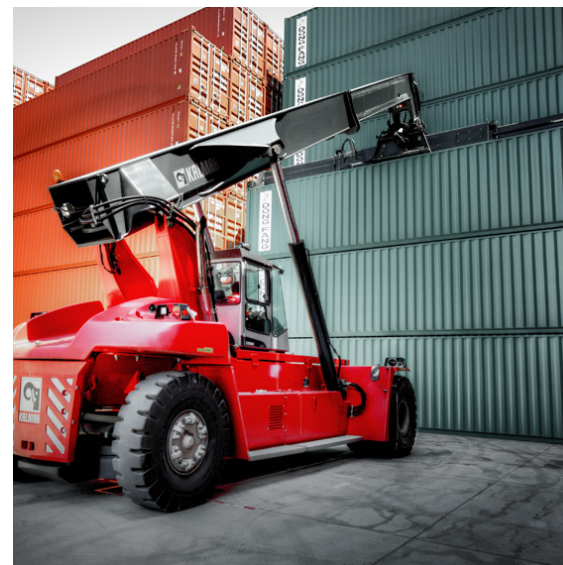
Solid foundation for further improvement

Win in automation

Grow in software

Sustain global leadership in mobile equipment

Digital services and spare parts excellence



→ 10%

operating profit margin
(EBIT) over the cycle

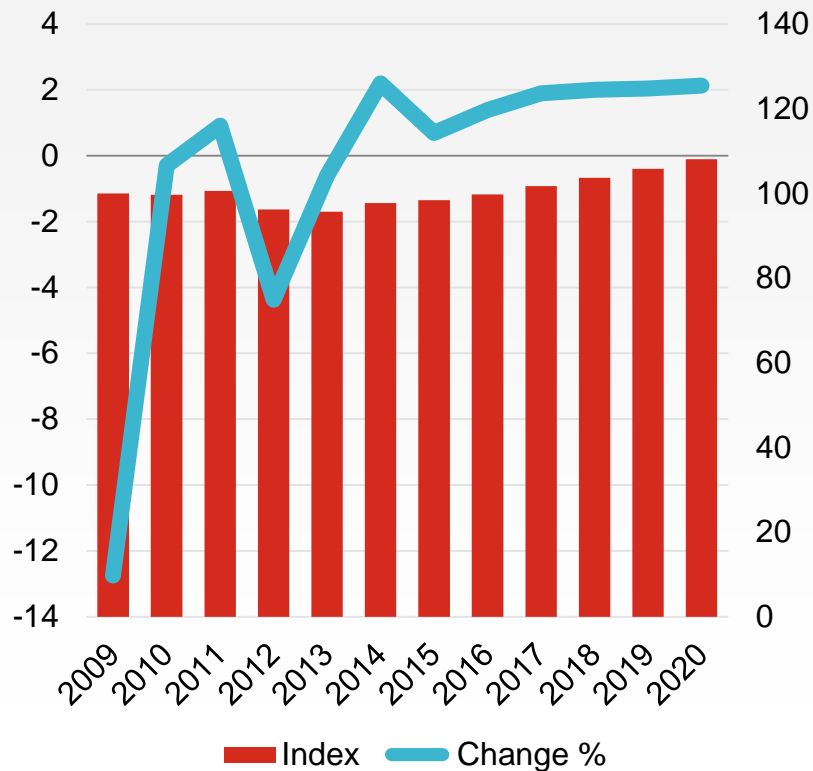
Hiab



Construction output driving growth opportunity

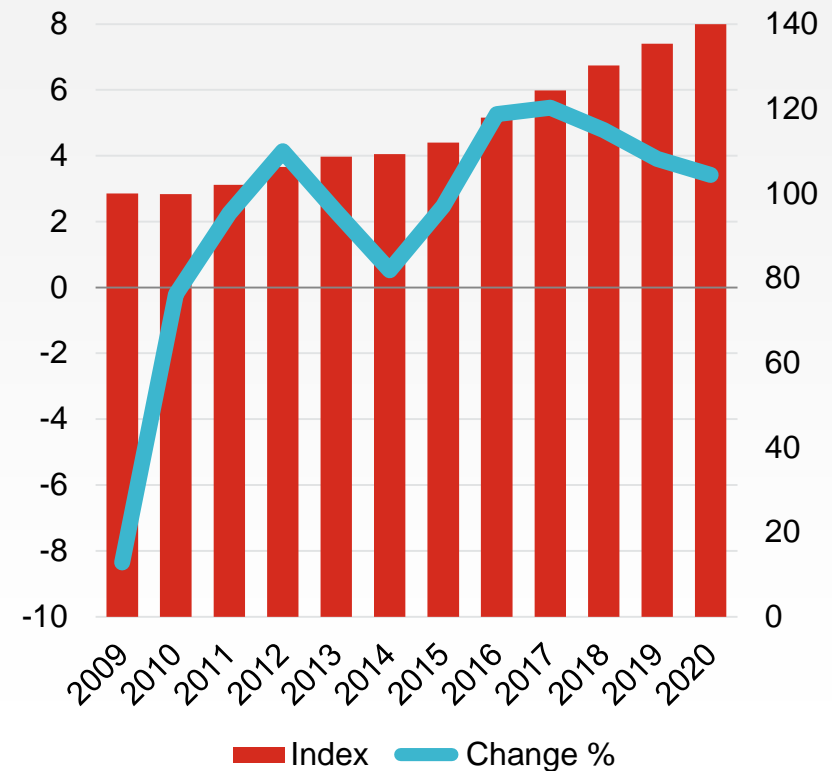
EMEA construction output

y/y change (%)








AMER construction output

y/y change (%)



Source: Oxford Economics: Industry output forecast 1/2016

Hiab has strong positions in attractive markets

		Market size (€B)	Growth	Hiab position & trend
	Loader cranes	1.3	GDP →	#2 →
	Tail lifts	0.5	GDP+ ↗	#1 ↗
	Demountables	0.4	GDP →	#1 →
	Truck-mounted forklifts	0.2	GDP+ ↗	#1 ↗
	Forestry cranes	0.2	GDP →	#2 →

Hiab's key growth drivers are:



Cranes

Gain market share in **big loader cranes** and crane **core markets**



Tail lifts

Enter fast growing **emerging markets** and standardise and globalise **business model**



Truck-mounted forklifts

Accelerate **penetration** in North America and Europe



Services

Increase **spare parts capture rates** driven by connectivity and e-commerce

Hiab's investments for profitable growth

E2E value chain – optimise our distribution network and supply chain

Product innovation – strengthening our market positions

Digitalisation – all new products connected by 2018

Services – further expand our offering



→ **10%**

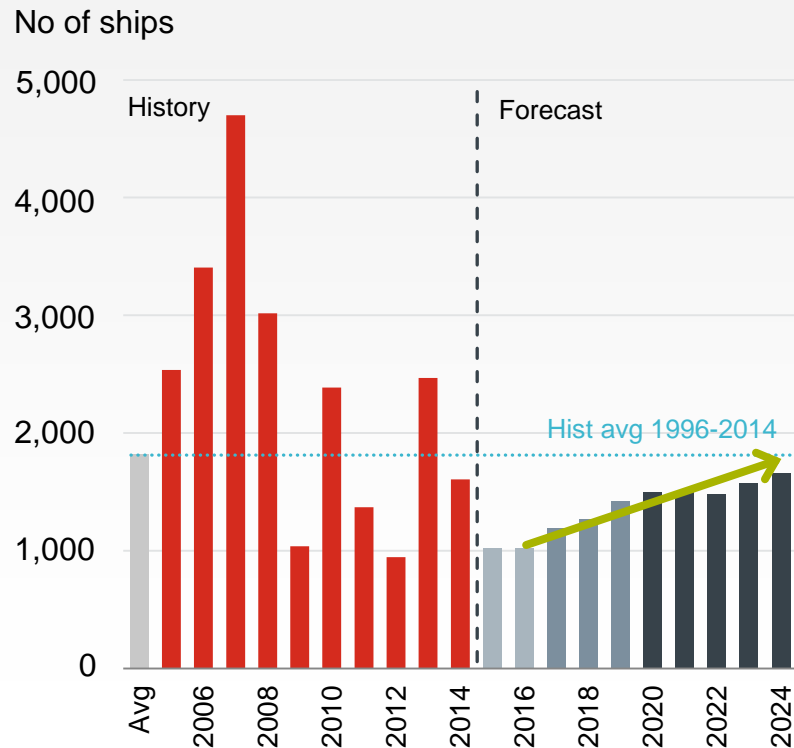
operating profit margin
(EBIT) over the cycle

MacGregor

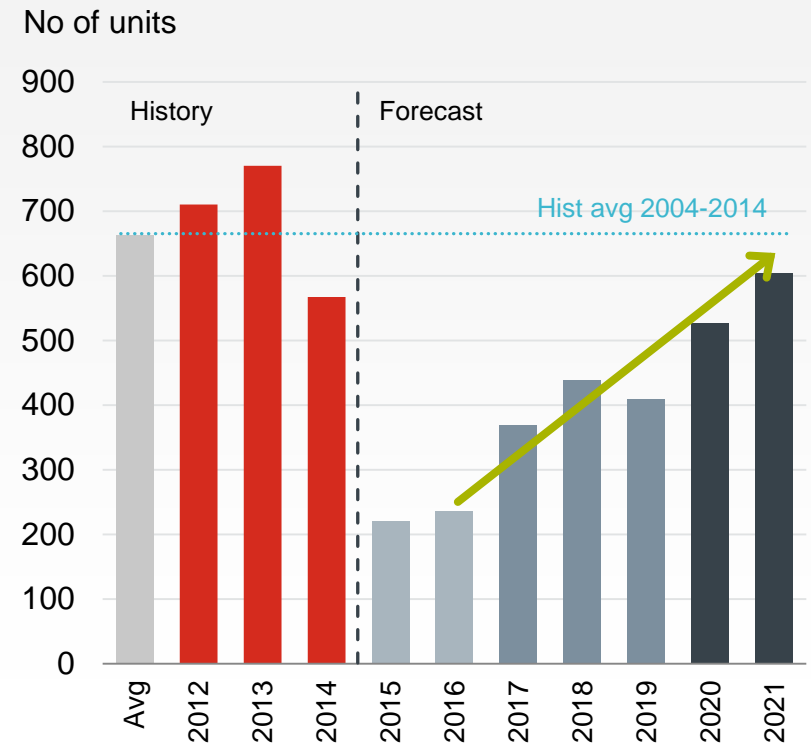


Outlook in merchant shipping and offshore turning back to growth

Long-term contracting 2005–2024 Merchant ships > 2,000 gt



Long-term contracting 2012–2021 Mobile offshore units



Sources: UNCTAD, Clarkson Research

MacGregor has strong positions in both the marine and offshore market

Marine

#1



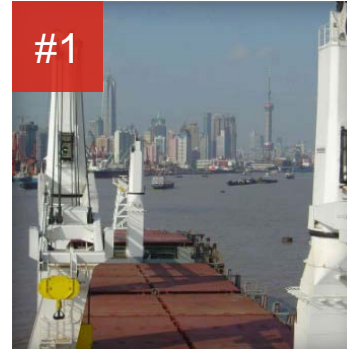
Container lashing

#1-2



Hatch covers

#1



Cranes and selfunloaders

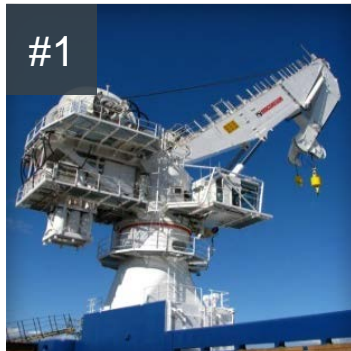
#1



RoRo

Offshore

#1



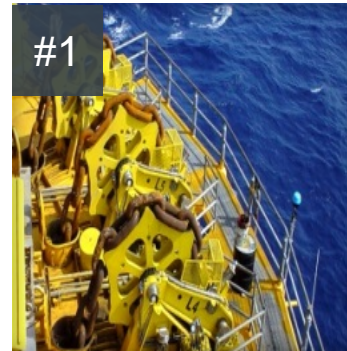
Offshore advanced load handling

#2



Offshore winches

#1



Mooring systems

#1



Loading and offloading systems

RoRo=roll-on/roll-off

Cost reduction and cost control measures set in place in MacGregor in 2015

Reduction of
over 300
employees

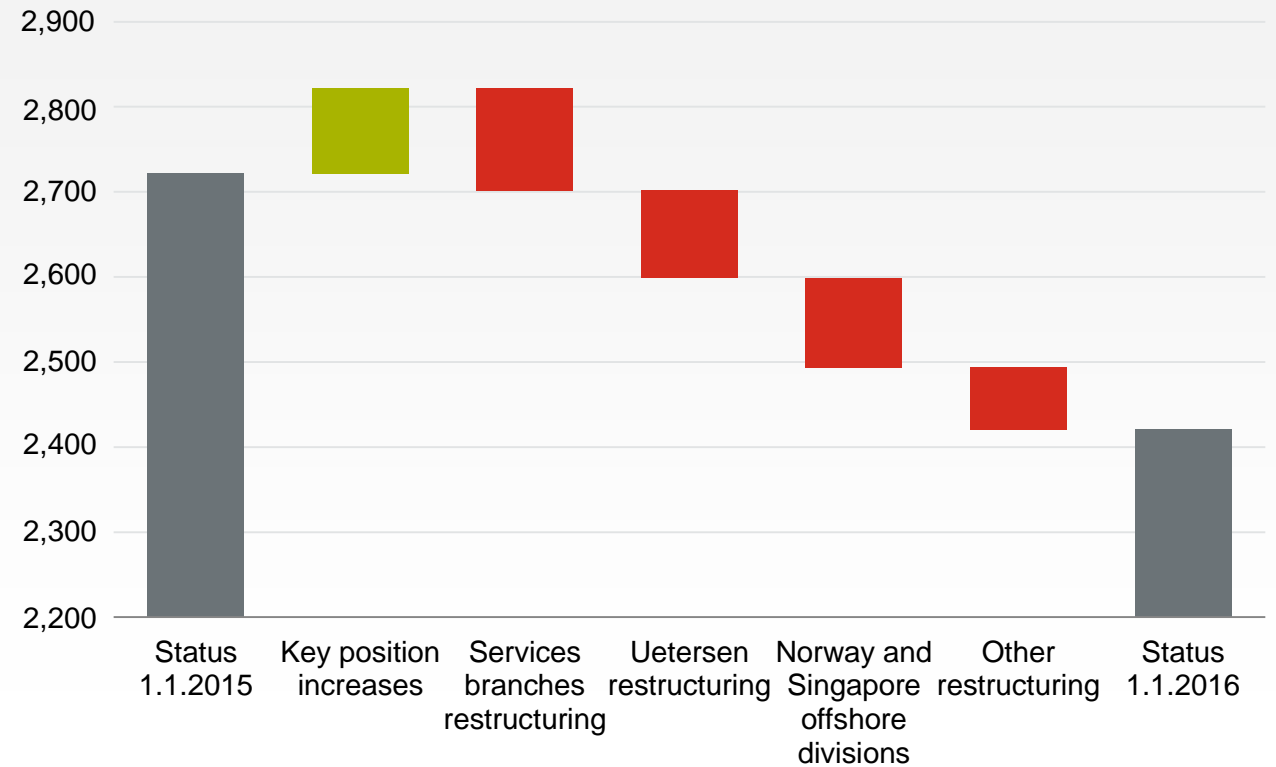
Organisational
development

Targeted annual
savings of EUR
27 million

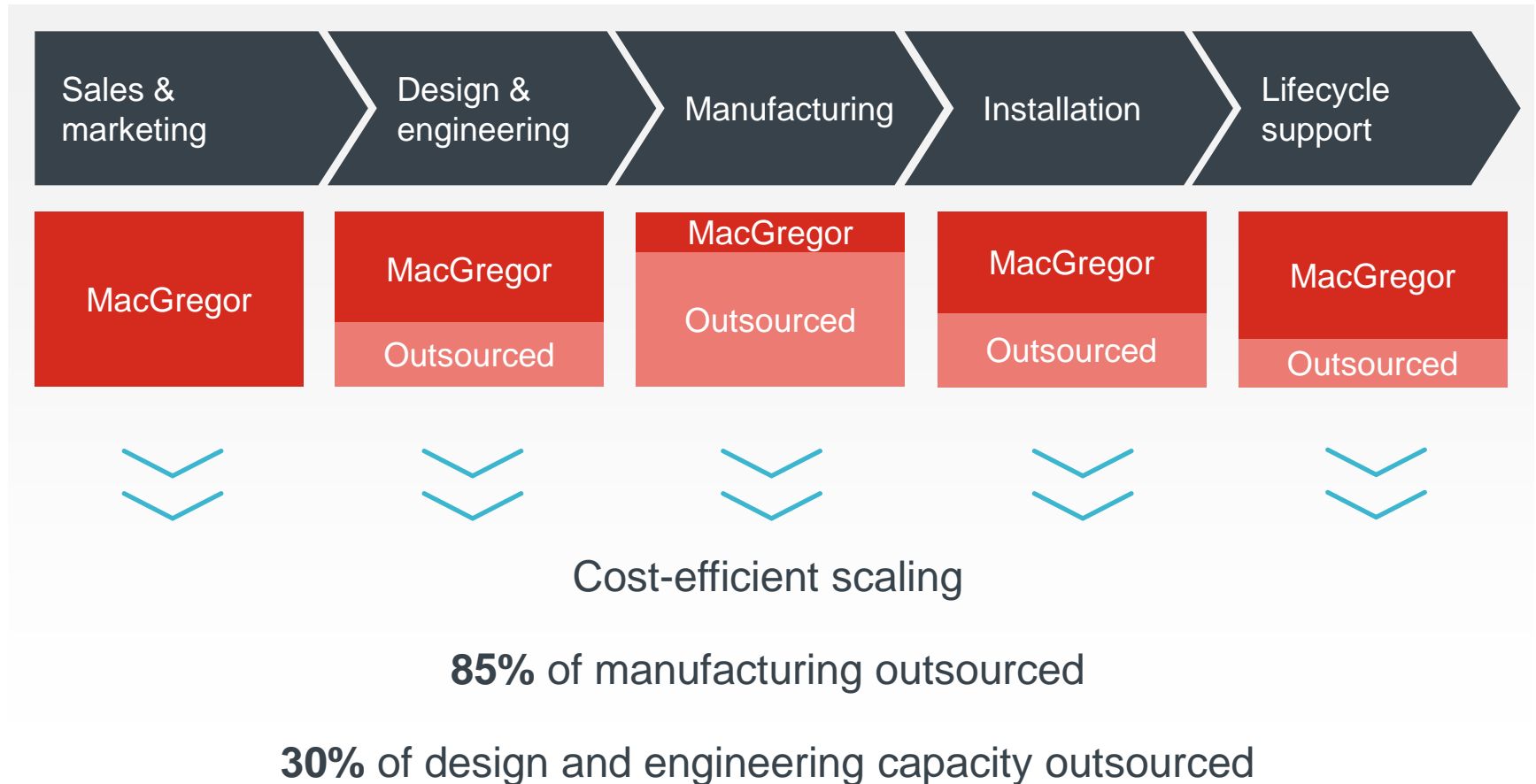
**Measures
taken in 2015
will have a full
impact in 2016**

Headcount reduced by 11%

Internal headcount



MacGregor's asset-light business model gives flexibility



MacGregor is improving profitability

Improving profitability by cost reductions, product and project cost improvements, services development

- Cost reduction measures started in 2015 will result in targeted EUR 27 million annual savings
- Targeted savings of EUR 10 million from design-to-cost will materialise in 2016
- Share of services will exceed 25% of sales in 2016
- Asset-light model with 85% of manufacturing outsourced allows for cost-efficient scaling

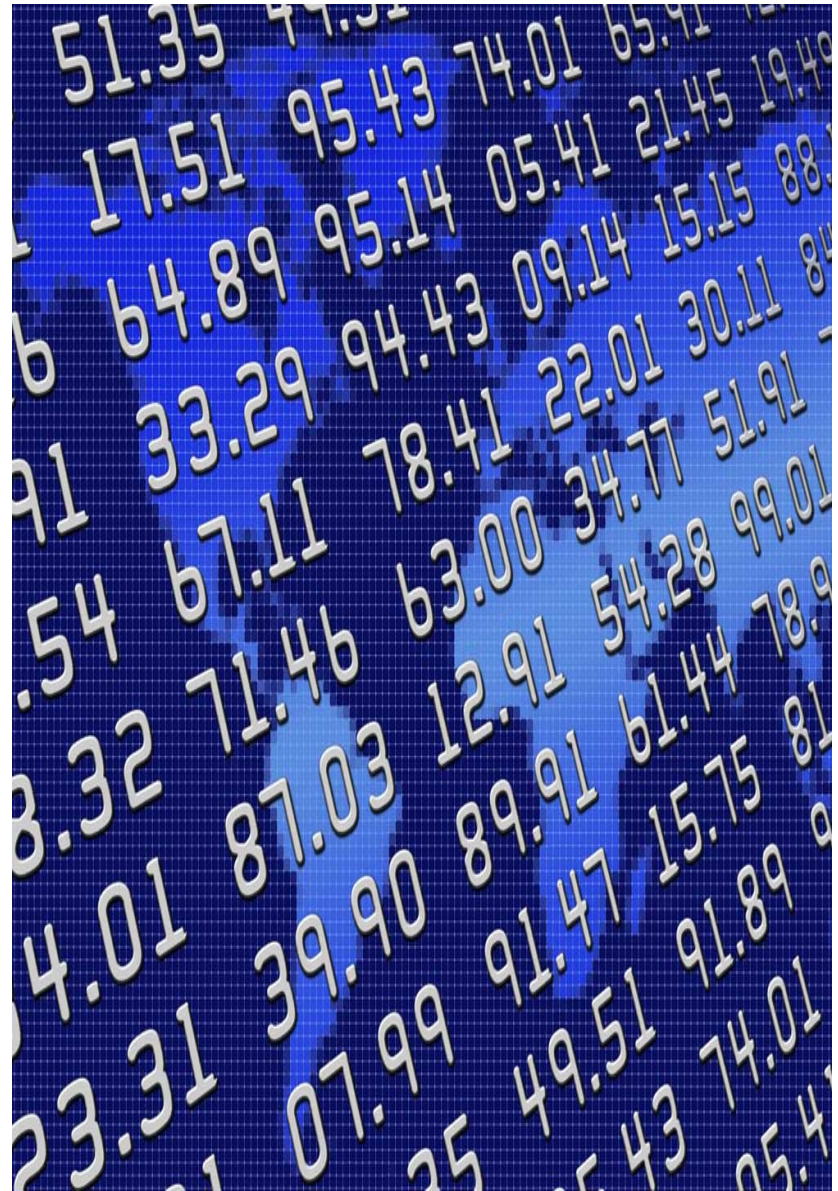
80% of orders for 2016 in backlog by the end of the year



→ 10%

operating profit margin
(EBIT) over the cycle

January– December financials



Highlights of 2015

- Market situation for Kalmar and Hiab healthy, but challenging for MacGregor
- Earnings per share doubled to EUR 2.21 (1.11)
- Order book decreased to EUR 2,064 (2,200) million
- Sales grew 11% y-o-y- to EUR 3,729 (3,358) million
- Operating profit excluding restructuring costs was EUR 230.7 (149.3) million or 6.2 (4.4)% of sales
- Operating profit was EUR 213.1 (126.6) million
- Cash flow from operations strong at EUR 314.6 (204.3) million, gearing at 46.4%
- New strategy – aim to become the leader in intelligent cargo handling



Highlights of the fourth quarter

- Good profit development continued in Kalmar and Hiab
- MacGregor profit burdened by indirect costs and EUR 11 million settlement
- Orders received totalled EUR 824 (914) million
- Sales at EUR 977 (963) million
- Operating profit excluding restructuring costs was EUR 52.1 (71.5) million or 5.3 (7.4)% of sales
- Operating profit was EUR 45.0 (63.0) million
- Cash flow from operations was EUR 87.3 (84.0) million



Market environment in 2015

- Demand for container handling equipment, and services as well as interest for automation solutions was active
- Demand for Kalmar industrial and logistical solutions was healthy especially in the US
- Market for load handling equipment was strong in the US, and healthy in Europe varying significantly between countries
- Market for marine cargo handling equipment was weak
 - Demand for cargo handling equipment for large container ships improved during H2, demand for cargo handling solutions for bulk carriers and offshore vessels was low
 - Demand for RoRo and special vessel related cargo handling equipment was healthy



Key figures

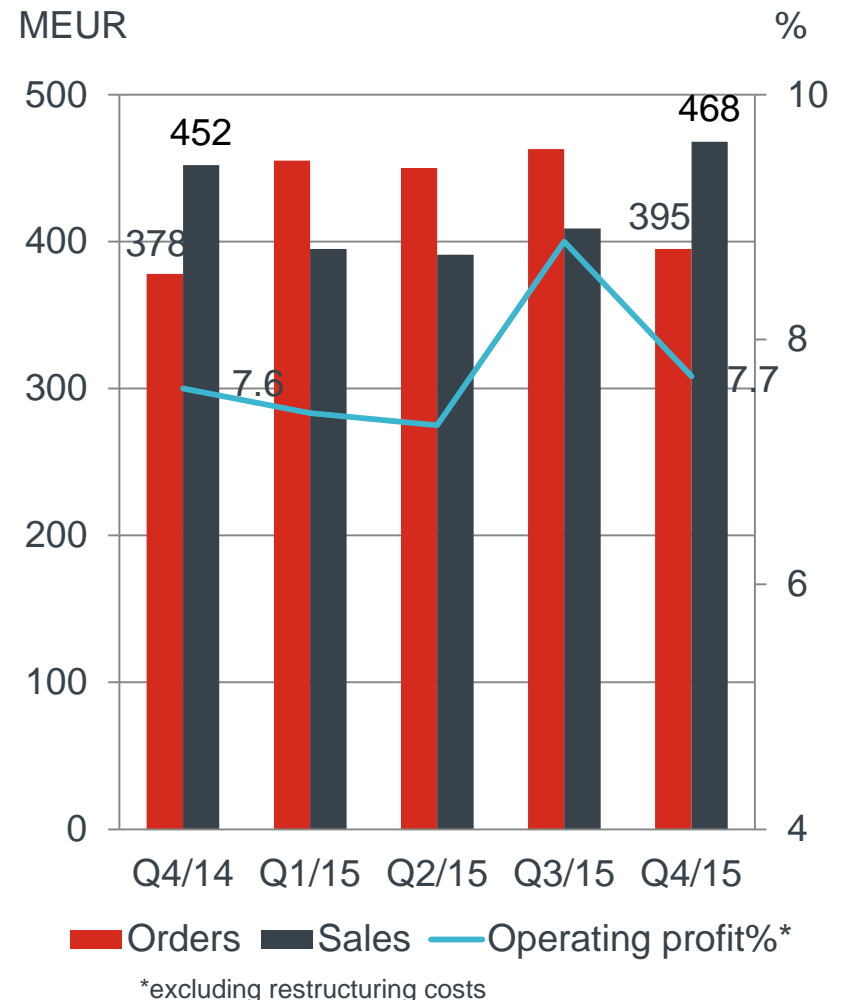
	10-12/15	10-12/14	Change	1-12/15	1-12/14	Change
Orders received, MEUR	824	914	-10%	3,557	3,599	-1%
Order book, MEUR	2,064	2,200	-6%	2,064	2,200	-6%
Sales, MEUR	977	963	1%	3,729	3,358	11%
Operating profit, MEUR*	52.1	71.5	-27%	230.7	149.3	55%
Operating profit margin, %*	5.3	7.4		6.2	4.4	
Cash flow from operations, MEUR	87.3	84.0		314.6	204.3	
Interest-bearing net debt, MEUR	622	719		622	719	
Earnings per share, EUR	0.55	0.63		2.21	1.11	



*excluding restructuring costs

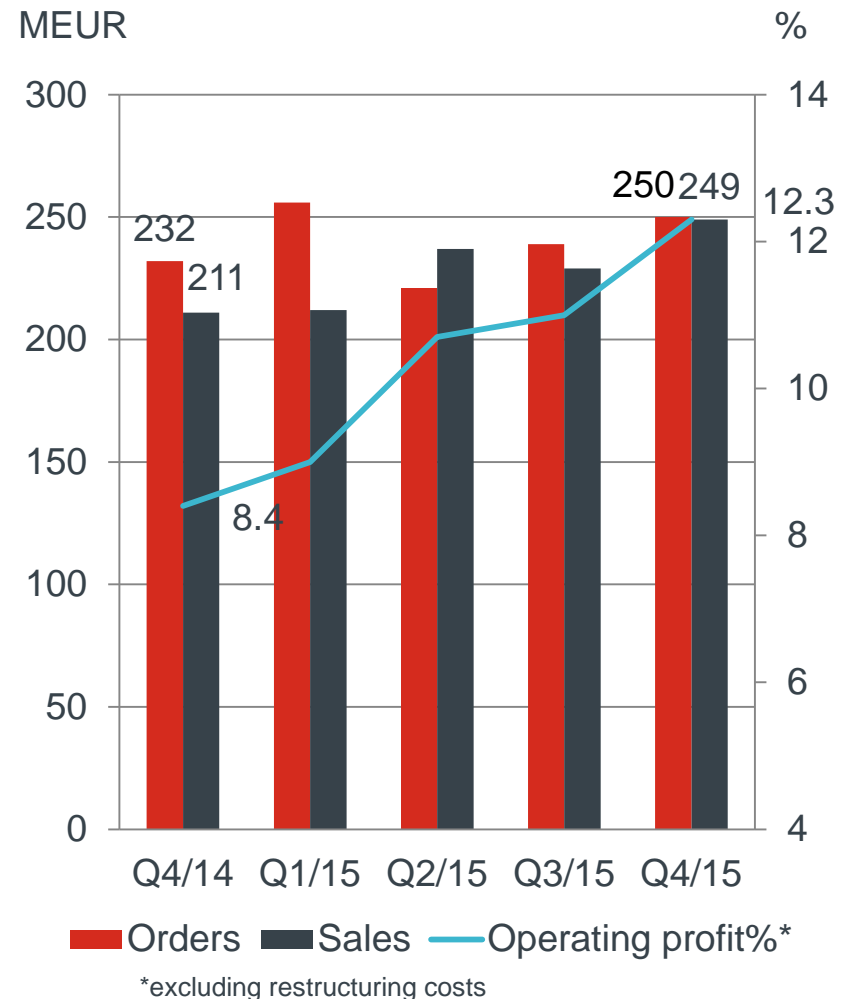
Kalmar Q4 – high deliveries but mix and R&D affected margin q-o-q

- Order intake increased 4% y-o-y to EUR 395 (378) million
- Order book strengthened 9% from 2014 year-end
- Sales grew 4% y-o-y to EUR 468 (452) million
- Profitability excluding restructuring costs was 7.7%



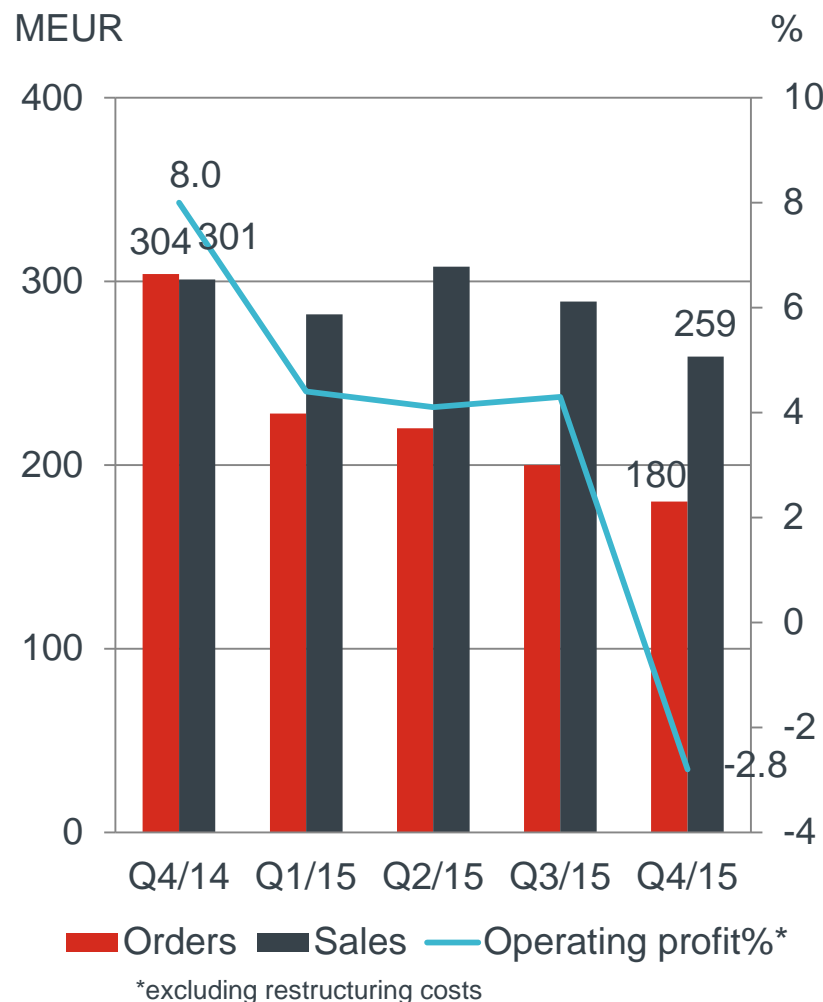
Hiab Q4 – strong development in all areas

- Orders grew 8% y-o-y to EUR 250 (232) million
- Order book strengthened 15% from 2014 year-end
- Sales grew 18% y-o-y to EUR 249 (211) million
- Profitability excluding restructuring costs was 12.3%

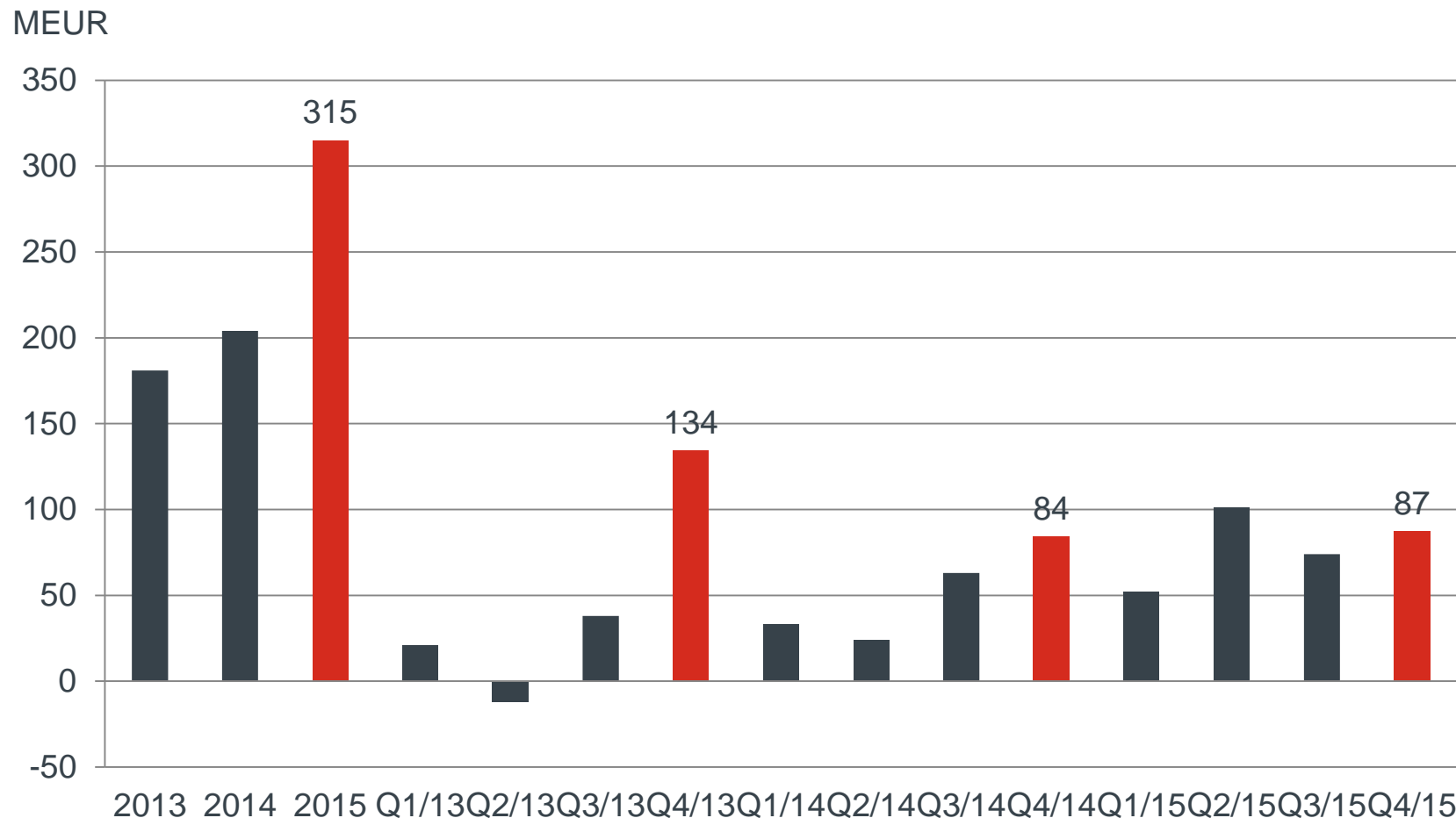


MacGregor Q4 – profit burdened by indirect costs

- Order intake declined 41% y-o-y to EUR 180 (304) million
- Order book decreased 22% from 2014 year-end to EUR 883 million
- Sales declined 14% y-o-y to EUR 259 (301) million
- Profitability excluding restructuring costs was -2.8%
 - Restructuring costs EUR 6.4 million
 - Relatively higher indirect costs
 - EUR 11 million settlement
- Benefits from the restructuring measures not yet visible

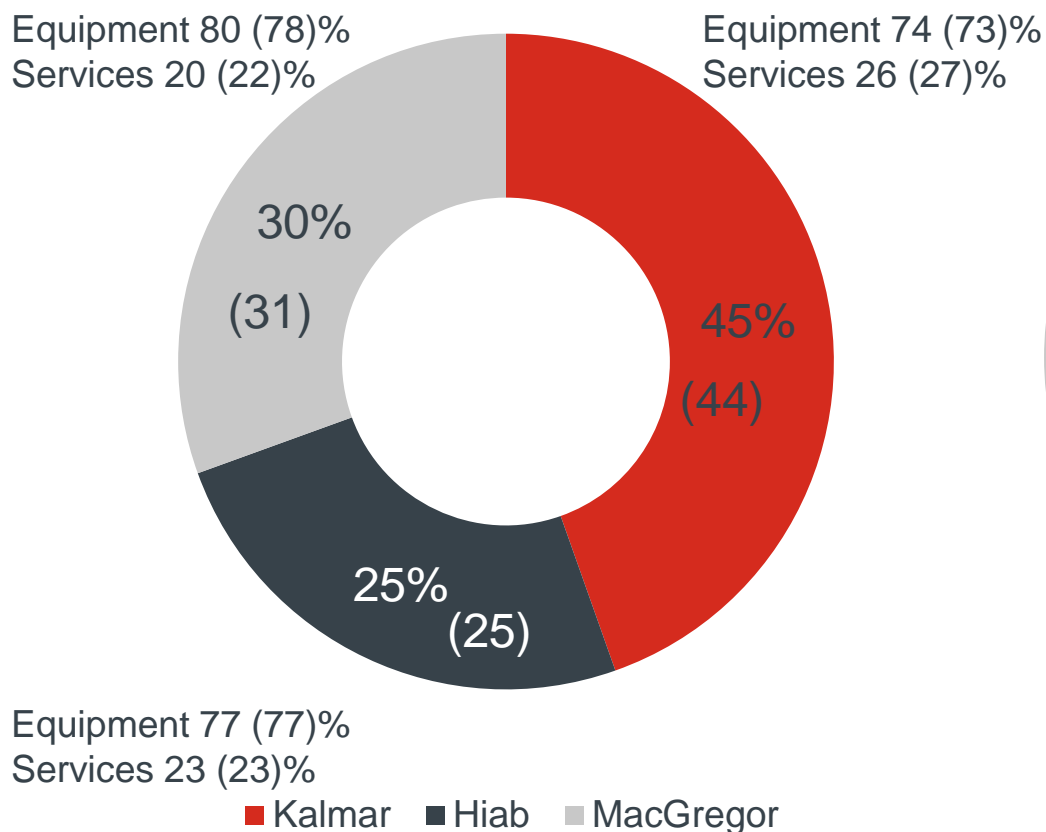


Cash flow from operations solid throughout the year

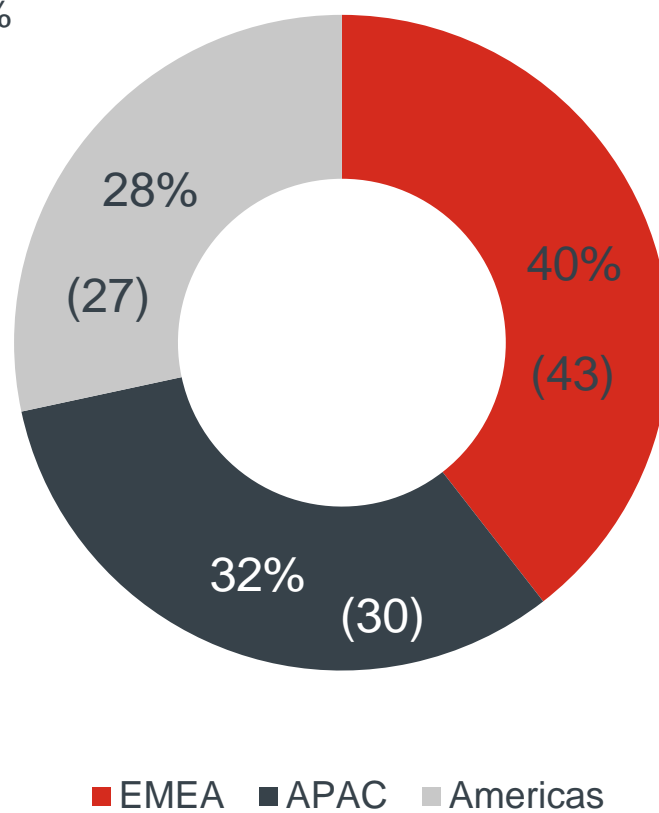


Balanced geographical mix in sales

Sales by reporting segment 2015, %

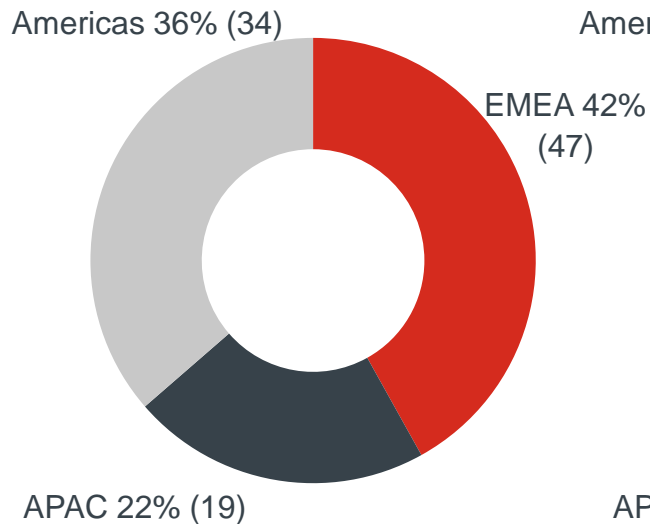


Sales by geographical segment 2015, %

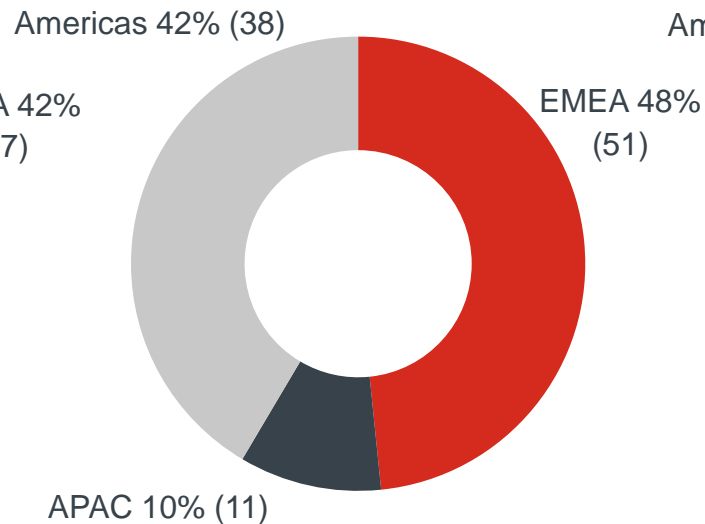


Sales by geographical segment by business area 2015

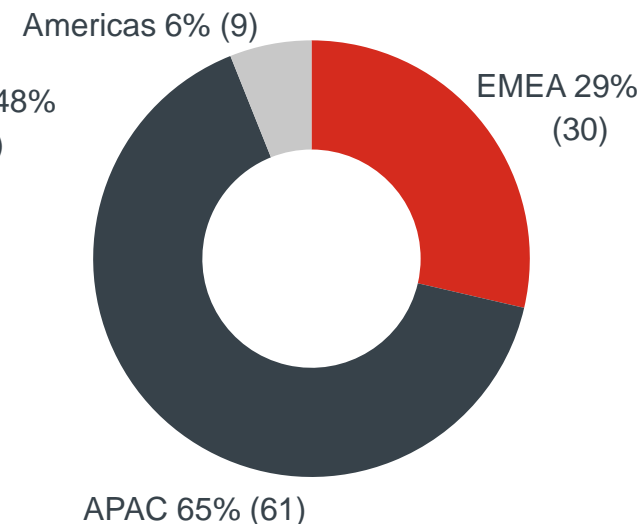
Kalmar



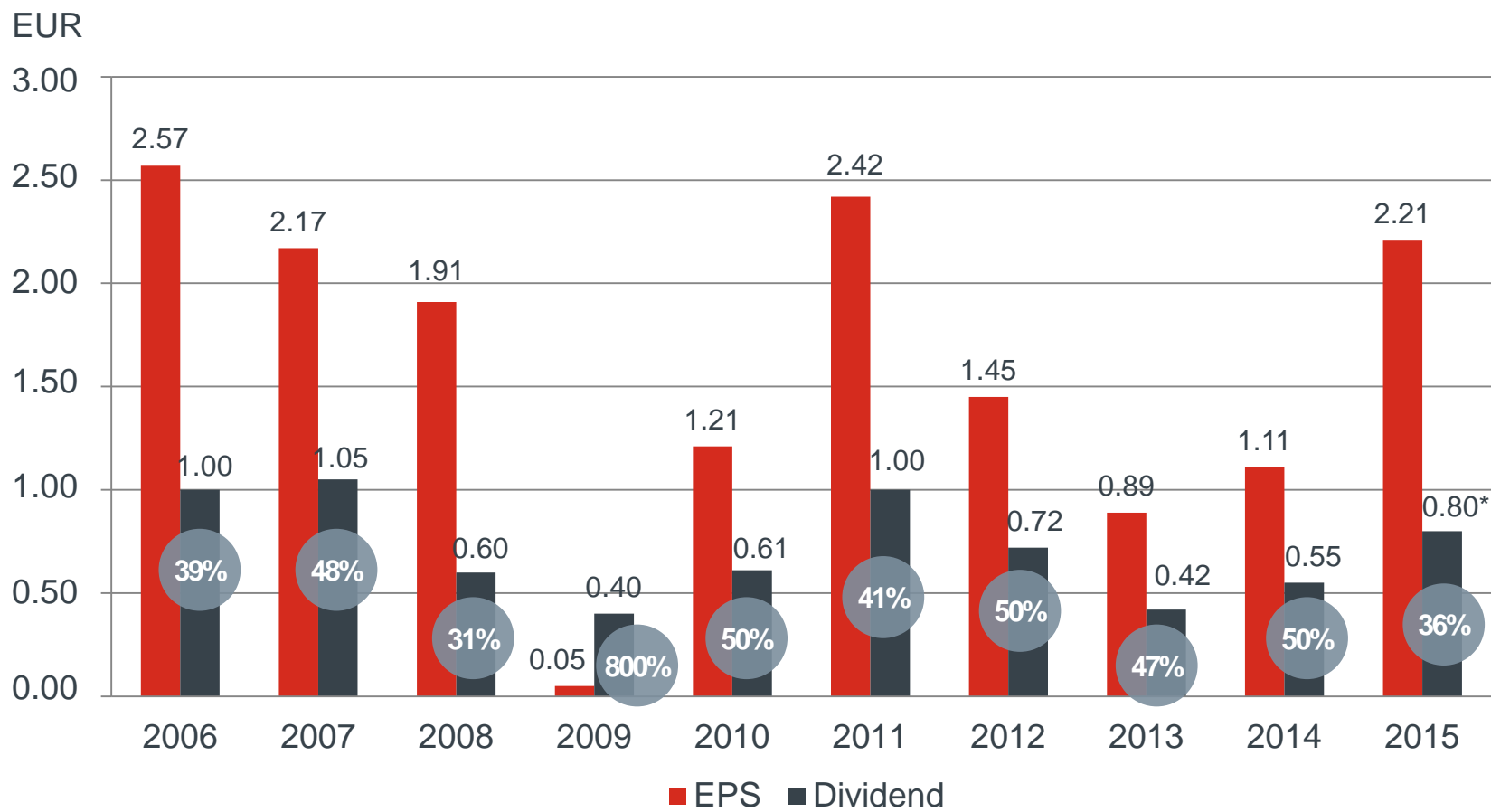
Hiab



MacGregor

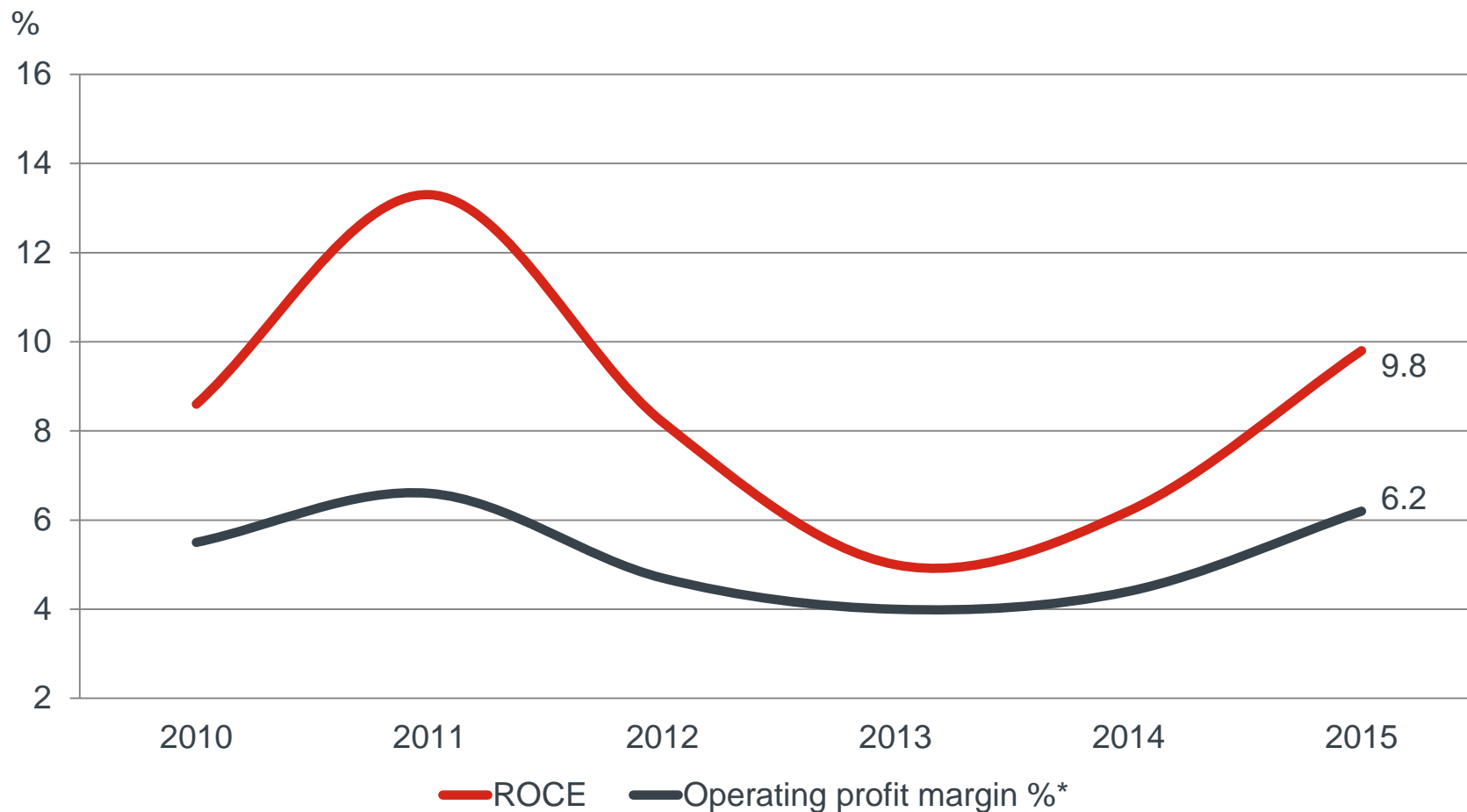


Earnings per share and dividend (B share)



* Dividend proposal by the Board of Directors

2015 demonstrated clear turnaround in key financial metrics



ROCE, annualised
*excluding restructuring costs

2016 outlook

- Cargotec's 2016 sales are expected to be at the 2015 (EUR 3,729 million) level or slightly below.
- Operating profit excluding restructuring costs for 2016 is expected to improve from 2015 (EUR 230.7 million).



