

**Cargotec**  
**Monday, 31<sup>st</sup> January 2011**  
**13:00 Hrs UK time**  
Chaired by Paula Liimatta

**Paula Liimatta**

Good afternoon, ladies and gentlemen, and welcome to listen to Cargotec's conference call about our transaction of US-based terminal operator system provider, Navis. My name is Paula Liimatta and I am the Head of Investor Relations at Cargotec. We will start with an introduction to the topic by our President and CEO, Mikael Mäkinen. After that we will have time for your questions. We have Cargotec's Head of Communication and Marketing, Anne Westersund, here as well to answer your questions. I would like to remind you that we will publish our fourth quarter results this Thursday, February 3<sup>rd</sup>, and therefore we are on silent period and we don't comment on our quarterly results today and I hope you appreciate that. Now we are ready to start, please, Mikael.

**Mikael Mäkinen**

Welcome, everybody, on my behalf as well. We are here, of course, because of the release that we published today. Cargotec has entered into an agreement to acquire the terminal operator system provider, Navis, and I will first explain a bit about the background and then we can go into the details.

In the past autumn we informed about our refined strategy and about our four strategic focus areas for the coming years. We will strengthen our customer focus globally. We will further develop and strengthen our customer support, meaning both Spare Parts, Logistics and Service. Third, winning in the emerging markets. I've been talking about this for a long time, that we have to be a player in the emerging markets. And, last but not least, increasing internal clarity. All these go hand in hand and I think that we have taken a big step forward today.

Focussing on customer and customer segments means that we are going through our offering and looking at it from the customer's point of view. We will also make decisions on where to invest and where to divest. We are going to invest in areas where we feel that we can be the world market leader. That's what I've told you earlier as well. Strengthening the chosen offering and segments, that's our journey onwards.

The Navis acquisition supports our strategy to focus on customers and invest in attractive customer segments. With this acquisition we now make the first step and we will continue to develop our business towards a customer-focussed model, as you might have remembered from our last Q3 report. By acquiring the leading TOS operator we will further strengthen our ability and this is also, of course, a big step in building a real segment out of terminal operation.

Next a few words about Navis. It's a software company that provides terminal operating systems for ports, railyards and distribution centres. The terminal operating system is, of course, the core component of a terminal operator's business. That's the heart and that's the heart of Navis's business as well. The market share of Navis is in line with Cargotec's average market share as well. Navis is a flexible and scalable operator solution software and it's a leading system globally. That was one of the reasons why we were interested in exactly this company. It helps customers to co-ordinate and automate the movement of containers and equipment. It also helps customers to manage their operation better, and I think this is specific for this type of system, whether they have a single terminal or multiple terminals in different geographical locations.

We will also strengthen our global presence with Navis. Navis solutions are used in more than 50 countries and with more than 200 port operators. The majority of Navis's 300 employees are located in the United States and in India and we will employ all of them. The company's headquarters are located in Oakland, California where I am right now, on my way to meet the employees in a few hours. Navis's 2011 sales are expected to be around USD 70 million and the profitability is healthy and it supports very well our target of 10% operating profit margin.

We will continue with its customers as an independent part of Cargotec. It will be part of Cargotec but remain a partner for its customers and, of course, that's a must for their type of business. On the other hand, of course we will develop solutions together, of course we will see how we can build total solutions together with them. The brand, Navis, yes, it will stay. Reporting will be consolidated into our financial reporting once the transaction is completed. We expect that to happen during the first quarter of this year. The transaction value is about USD 190 million or approximately € 140 million. Yes, it's more than we are used to paying for acquisitions but we believe that this business will definitely pay back. We see excellent opportunities for growth and innovation.

I'm very happy that we entered into an agreement with Zebra for the transaction of acquiring Navis. It's really a great step for us in executing our strategy. Well, I think I give it back to you and we'll see what type of questions we have and then we can continue from there. Thank you.

### **Paula Liimatta**

Okay, thank you, Mikael. This was our introduction and now we are ready to take your questions. I would like to remind you that no comments on the full year 2010 financials today. Let's come back to those questions and answers on Thursday. So, operator, please, we are ready to start with the questions.

### **Questions and Answers**

#### ***Juan (?) Ellison (?) - Chivre***

*Yes, hi, this is Juan Ellison from Chivre. Could you just remind me what sort of market shares you have these days?*

We have said that on average in the terminal side our market share – but it depends on the product – is between 20% and 40% but let's say 25 could be a good average guess.

*Good. And I suppose Navis sounds like more of a normal software company, which would imply that the margin should be in the range of 20/25%. Is that too high, do you think?*

No, it's not too high. We would also like to have high margins. We have not commented Navis's margins but it's a healthy margin and, as I said, it definitely puts us in a better position of reaching our 10% target.

*Do you have any kind of growth number for us? I mean, the price multiple looks quite high, which could either be explained by a healthy margin, as you put it, but also of the growth rate the company is currently at and I was just curious that you are giving some sort of guidance for 2011. So, where were we in 2010 for this one?*

We have not given out any growth target but, as I said, both of them are healthy, both the margin and the growth targets.

*Okay. Thank you.*

That's where the price comes from, of course.

*Yes. Thank you.*

***Erkki Sosolla (?) – Swedish Bank, Helsinki***

*Yes, good afternoon, it's Erkki Sosolla from Swedish Bank in Helsinki. I would be interested in the financing of the acquisition. Is it a full cash offer? Any share exchange part to that or could you go into detail with this? Thanks.*

It's a cash offer.

*Full cash offer and that's all there is.*

Yes.

*Okay. Interesting. Thank you.*

***Vincent Champion – World Cargo News***

*Yes, hi, it's Vincent Champion, World Cargo News. If you could possibly give me some indication what the average customer profile is for Navis. I mean, obviously they've introduced scalable tools in the past few years but is it not the case that generally speaking there is a minimum throughput threshold for this kind of installation to be profitable? And, secondly, not really connected with that question, you spoke about Cargotec's existing market share in the ports and terminals sector through Kalmar but what do you estimate Navis's market share to be in the terminal operations system... in the*

*market for TOS systems in the ports and terminal industry? That's a double question. I've finished asking it now. Thank you.*

Okay. Thank you. Yes, the customer profile is, of course, extremely wide now, when they have the scalable model. So, we have multi billion terminals but we also have very, very small terminals where the new scalable model is used, much smaller than one would think. You can start with a fairly small terminal and then build it up later. So, that's the whole range. If we then go to the market share, we have said that it's in line with our market share and, of course, you still have a lot of operators who have something that they call a TOS system but it's mainly a semi-manual system. So, difficult to say but very high market share in those areas where these type of systems are used.

Okay. Thank you.

***Sebastian Ubert – UBS***

*Yes, good afternoon, Paula and Mikael, just one short question with regards to the integration. What do you think is the timeframe for integrating that company and what do you expect there on the cost basis? Thank you.*

As we said, we hope that the transaction will be completed within the first quarter of this year. Then the integration will start but, on the other hand, we will keep it as a separate business. So, there is not a full integration. We are not calculating huge synergies from this in terms of cost. It's more synergies in increasing our market share, in reaching new customers.

*Okay. Thank you.*

### **Closing Comments**

Okay. If we don't have any more questions, I would like to thank you and wish you a good day. Thank you.