

An aerial photograph of a complex highway interchange with multiple lanes and a central pond. The image is used as a background for the presentation slide.

Investor presentation, August 2020

# Becoming the leader in intelligent cargo handling



# Why invest in Cargotec?



Our target:  
To become  
the leader in  
intelligent cargo handling

Every 4th container in  
the WORLD is moved  
by Kalmar solution



Several favorable megatrends  
support our growth prospects

• DIGITALISATION  
• GLOBALISATION  
• TRADE GROWTH  
• URBANISATION  
• GROWING MIDDLE CLASS

CONTAINER TRAFFIC  
PORT AUTOMATION

MARKET POSITION  
#1, #2  
IN MAJOR SEGMENTS

CONSTRUCTION ACTIVITY

MARKET POSITION  
#1, #2  
IN MAJOR SEGMENTS

SHIP BUILDING

MARKET POSITION  
#1, #2  
IN MAJOR SEGMENTS



We have strong brands  
and a loyal global  
customer base



Transformation from  
equipment provider  
into a leader in intelligent  
cargo handling



Unique position to benefit  
from the growth prospects  
in port automation  
and software



Currently, only 40 of  
the world's 1200 terminals are  
automated or semi-automated.  
Port automation increases energy  
and cost efficiency as well as  
employee safety.



Growing services and software business  
increase stability of our business



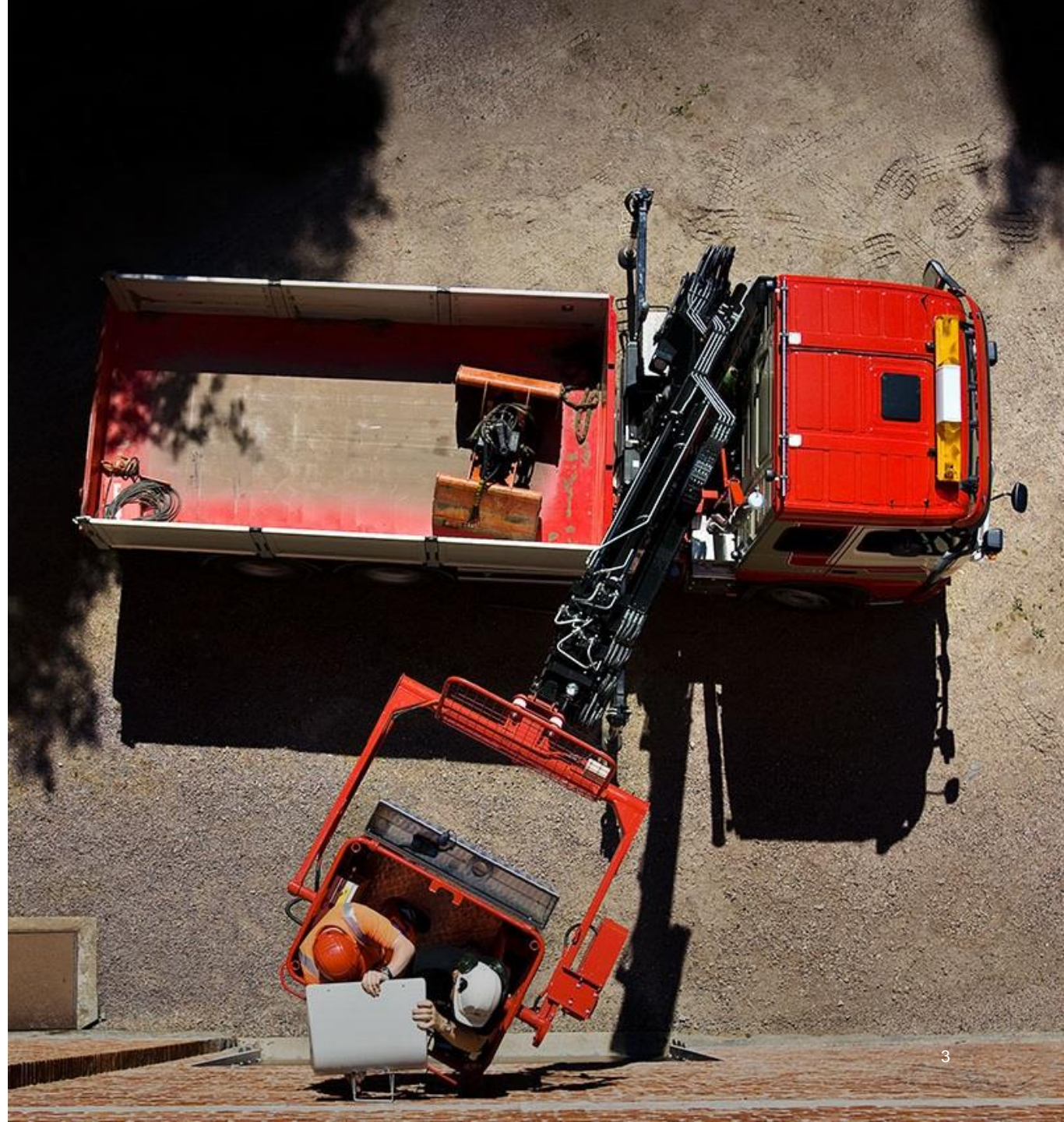
## Financial targets

- Grow faster than the market
- Increase service and software sales to 40% of net sales, min. EUR 1.5 billion in 3-5 years
- Target 10% operating profit and 15% ROCE in 3-5 years
- Target gearing <50% and increasing dividend in the range of 30-50% of EPS, to be paid twice a year



# Content

1. Cargotec in brief
2. Investment highlights
3. Kalmar
4. Hiab
5. MacGregor
6. Recent progress
7. Appendix





# Cargotec in brief





# Strong global player with well-balanced business

**Sales:**  
**EUR 3,683 million**  
**EBIT: 7.2%**

## Kalmar

Sales: **EUR 1,723 million**  
EBIT: **9.4%** (EUR 161.8 million)

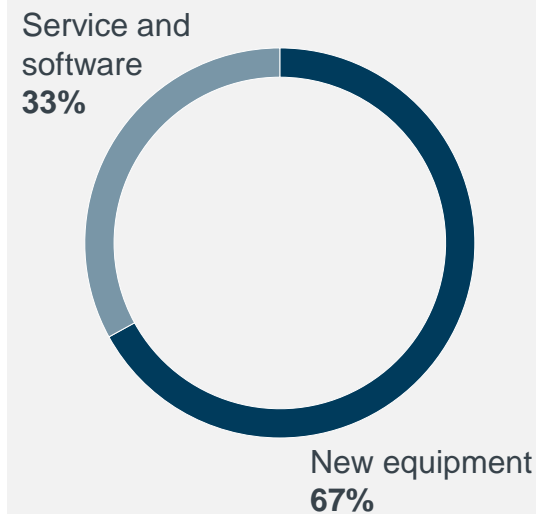
## Hiab

Sales: **EUR 1,350 million**  
EBIT: **12.6%** (EUR 170.2 million)

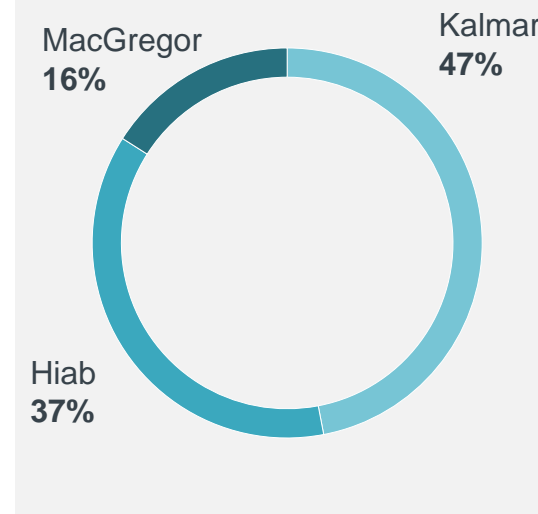
## MacGregor

Sales: **EUR 611 million**  
EBIT: **-4.6%** (EUR -28.2 million)

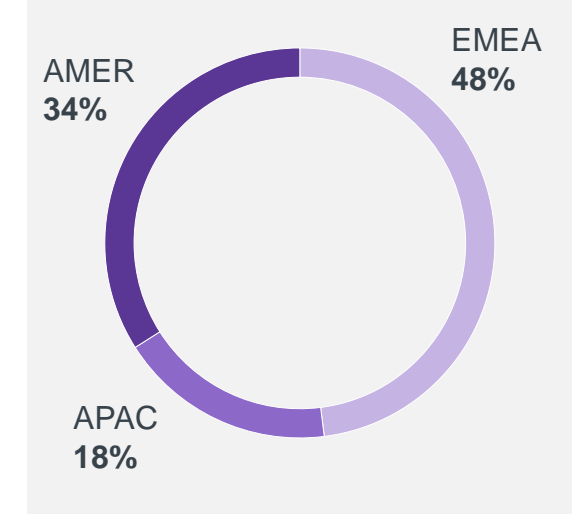
**Sales split: new  
equipment vs service  
and software**



**Sales by  
business areas**



**Sales by  
geographical area**



## Strengths we are building upon

Leading market positions  
in all segments

Strong brands

Loyal customers

Leading in technology



# Key competitors

Cargotec is a leading player in all of its business areas

## Global main competitors



## Other competitors

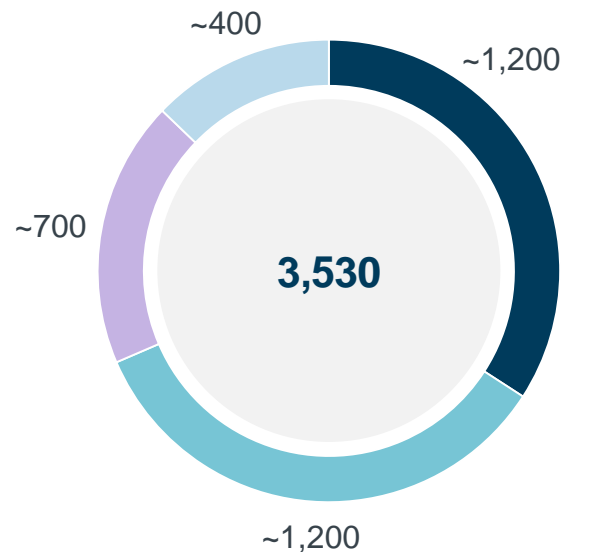




# Currently two businesses performing well

## Net sales Q2/2020, LTM\*

EUR million \*\*



Kalmar software (Navis) and Automation and Projects division

MacGregor

Hiab

Kalmar equipment and service (excluding Automation and Projects Division & Navis)

Trend in orders, LTM



9%

4%



Profitability: comparable EBIT margin, LTM

Low profitability

-4.1%

11.5%

Low double digit

\* LTM = Last 12 months

\*\* Figures rounded to closest 100 million



# Investment highlights





# Investment highlights: Why invest in Cargotec?

1. Technology leader and strong market positions, leading brands in markets with long term growth potential
2. Our vision is to become the global leader in intelligent cargo handling
3. Growing service & software business and asset-light business model are increasing stability
4. Capitalising global opportunities for future automation and software growth
5. On track for profitability improvement and to reach financial targets





# 1. Technology leader and strong market positions, leading brands in markets with long term growth potential

## Global megatrends

- Globalisation and trade growth
- Urbanisation
- Growing middle class

## Growth drivers

- Container throughput growth
- Construction activity
- Automation
- Digitalisation

## Competitive advantages

- Strong brands
- Full automation offering
- Technology leadership

## Market position

- #1 or #2 in all major segments

## 2. Our vision is to become the global leader in intelligent cargo handling

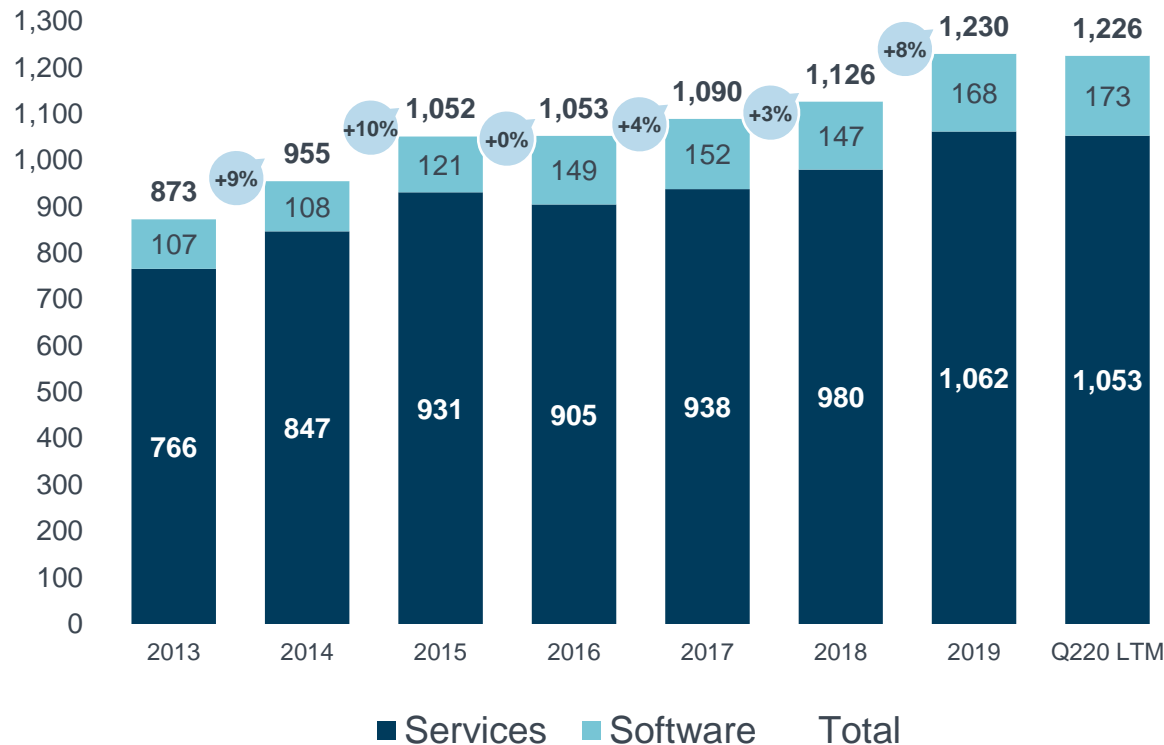
VISION	GLOBAL LEADER IN INTELLIGENT CARGO HANDLING	
<b>MUST-WIN BATTLES</b>	<b>WIN THROUGH CUSTOMER CENTRICITY</b>  We help our customers achieve their goals by aligning our offering and way of working to serve them better.	<b>ACCELERATE DIGITALISATION</b>  We build and expand our digital solutions to offer a great customer experience and more efficient business processes.
	<b>ADVANCE IN SERVICES</b>  We extend our offering towards intelligent solutions that enable us to serve our customers wide across their lifecycle.	<b>PRODUCTIVITY FOR GROWTH</b>  We focus on activities that add value and benefit our customers and us by developing our business operations and common platforms.



### 3. Growing service & software business and asset-light business model are increasing stability

#### Service and software\* sales

MEUR



#### Asset-light business model with a flexible cost structure

- Kalmar and Hiab: efficient assembly operation
- MacGregor: efficient project management and engineering office: > 90% of manufacturing and 30% of design and engineering capacity outsourced
- No in-house component manufacturing

#### Next steps to increase service and software sales:

- Improve service offering through digital solutions
- Build on Navis position as industry leader
- Increase spare parts capture rates
- Boost service contract attachment rates

# 4. Capitalising global opportunities for future automation and software growth

## Industry trends support growth in port automation:

- Only 40 terminals (out of 1,200 terminals) are automated or semi-automated currently globally
- Ships are becoming bigger and the peak loads have become an issue
- Increasing focus on safety
- Customers require decreasing energy usage and zero emission ports
- Optimum efficiency, space utilization and reduction of costs are increasingly important
- Shortage and cost of trained and skilled labour pushes terminals to automation

## Significant possibility in port software:

- Container value chain is very inefficient: total value of waste and inefficiency estimated at ~EUR 17bn
- Over 50% of port software market is in-house, in long term internal solutions not competitive
- Navis has leading position in port ERP

## Customers consider their automation decisions carefully

- Shipping line consolidation
- Utilisation rates of the existing equipment base
- Container throughput volumes
- Efficiency of the automation solutions

## Automation creates significant cost savings\*

Labour costs	60% less labour costs
Total costs	24% less costs
Profit increase	125%



\* Change when manual terminal converted into an automated operation



# 5. Clear plan for profitability improvement and to reach financial targets

## Growth

Target to grow faster than market

- Megatrends and strong market position supporting organic growth
- M&A potential

## Service and software

Targeting service and software sales 40% of net sales, minimum EUR 1.5 billion in 3-5 years\*

## Balance sheet and dividend

Target gearing < 50% and increasing dividend in the range of 30-50% of EPS, dividend paid twice a year

## Profitability

Target 10% operating profit and 15% ROCE in 3-5 years\*

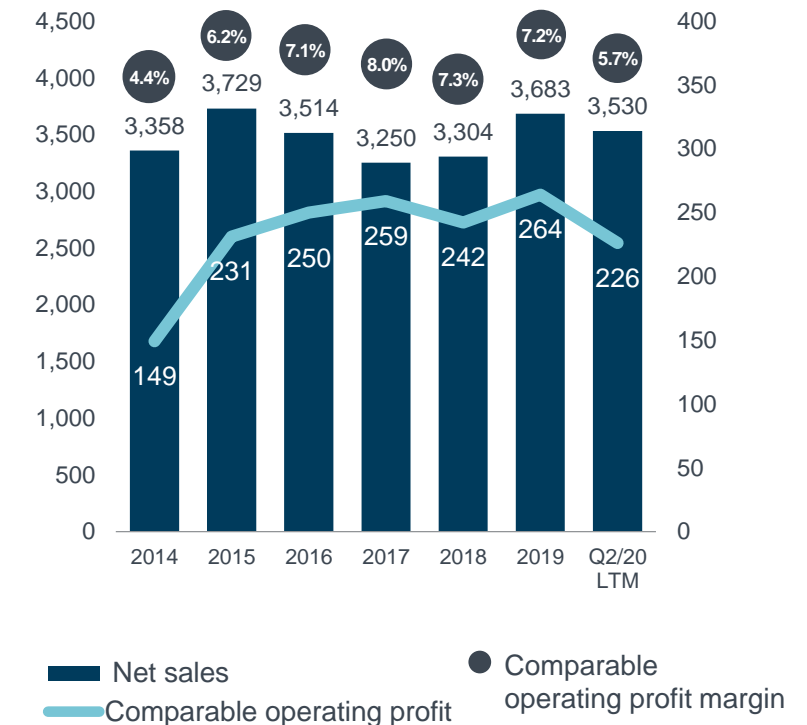
Higher service and software sales key driver for profitability improvement

Cost savings actions:

- 2020 EUR 30 million (indirect purchasing and new Business Services operations)

Product re-design and improved project management

## Sales and comparable operating profit development



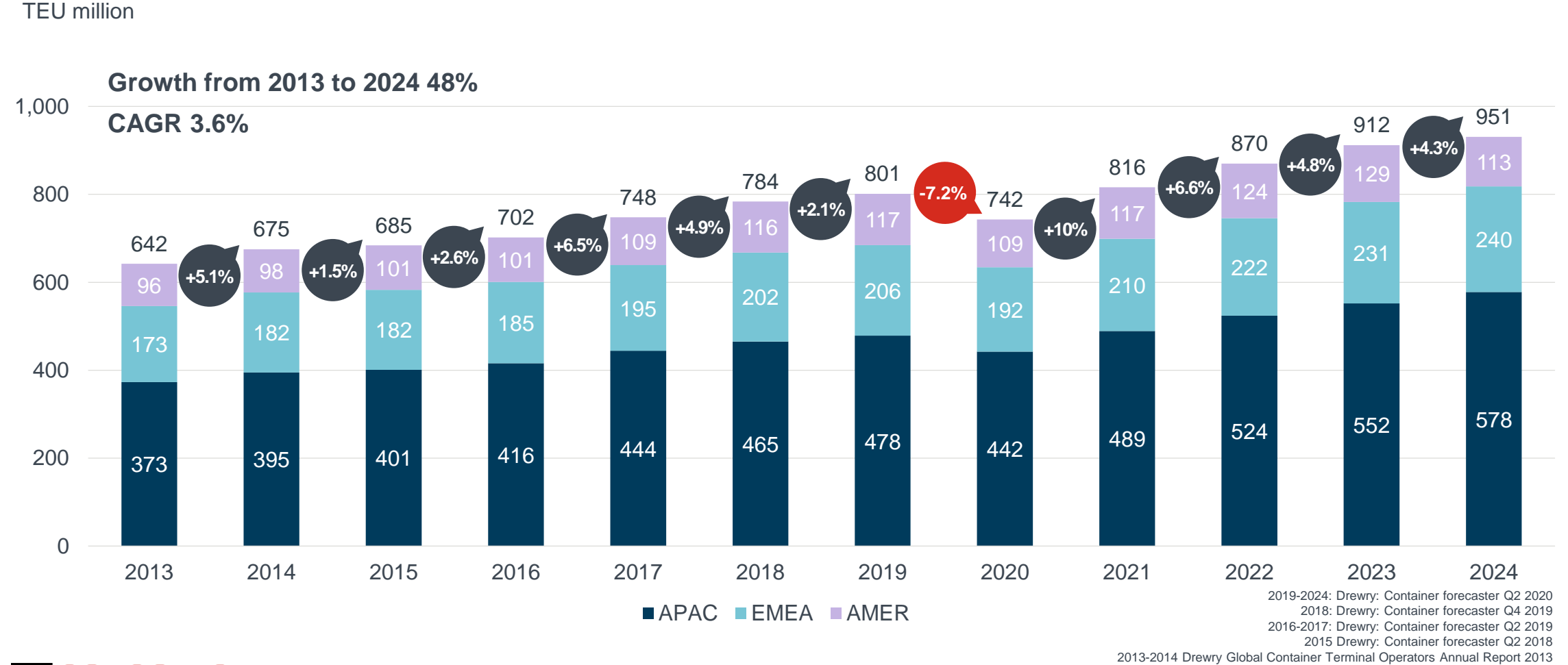
\*Target announced in September 2017

# Kalmar



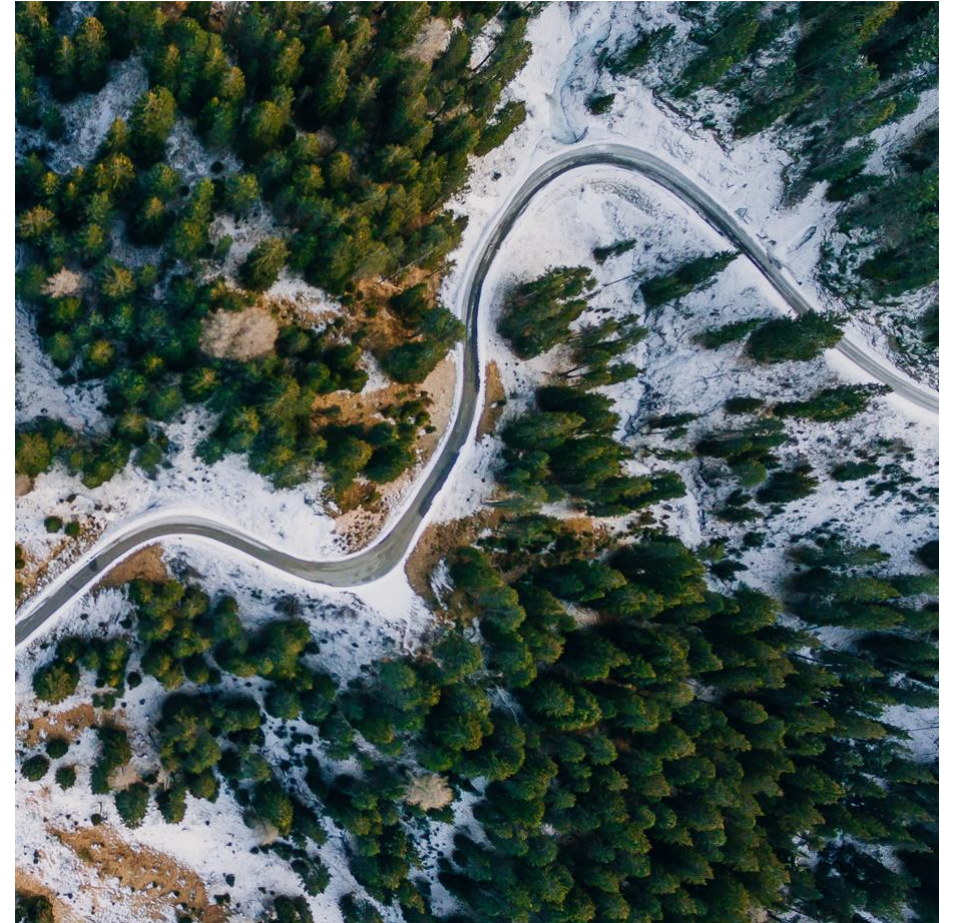


# Container throughput to be impacted by COVID-19 situation but forecasted to recover



# Cargotec to evaluate strategic options for Navis business

- Due to the COVID-19 pandemic, the evaluation is paused and we return to it later (situation 17 July 2020).
- Cargotec will review **alternative development paths** including new ownership structures and a potential sale of Navis business
- The aim of the strategic evaluation is to secure best possible **growth and value creation** for the next development phase for Navis
- Cargotec's investment since 2011 has enabled Navis to become the market leader in terminal operating systems (TOS), and **more than doubled revenue to EUR 115 million** in 2019
- Cargotec's other software business will not be part of the evaluation



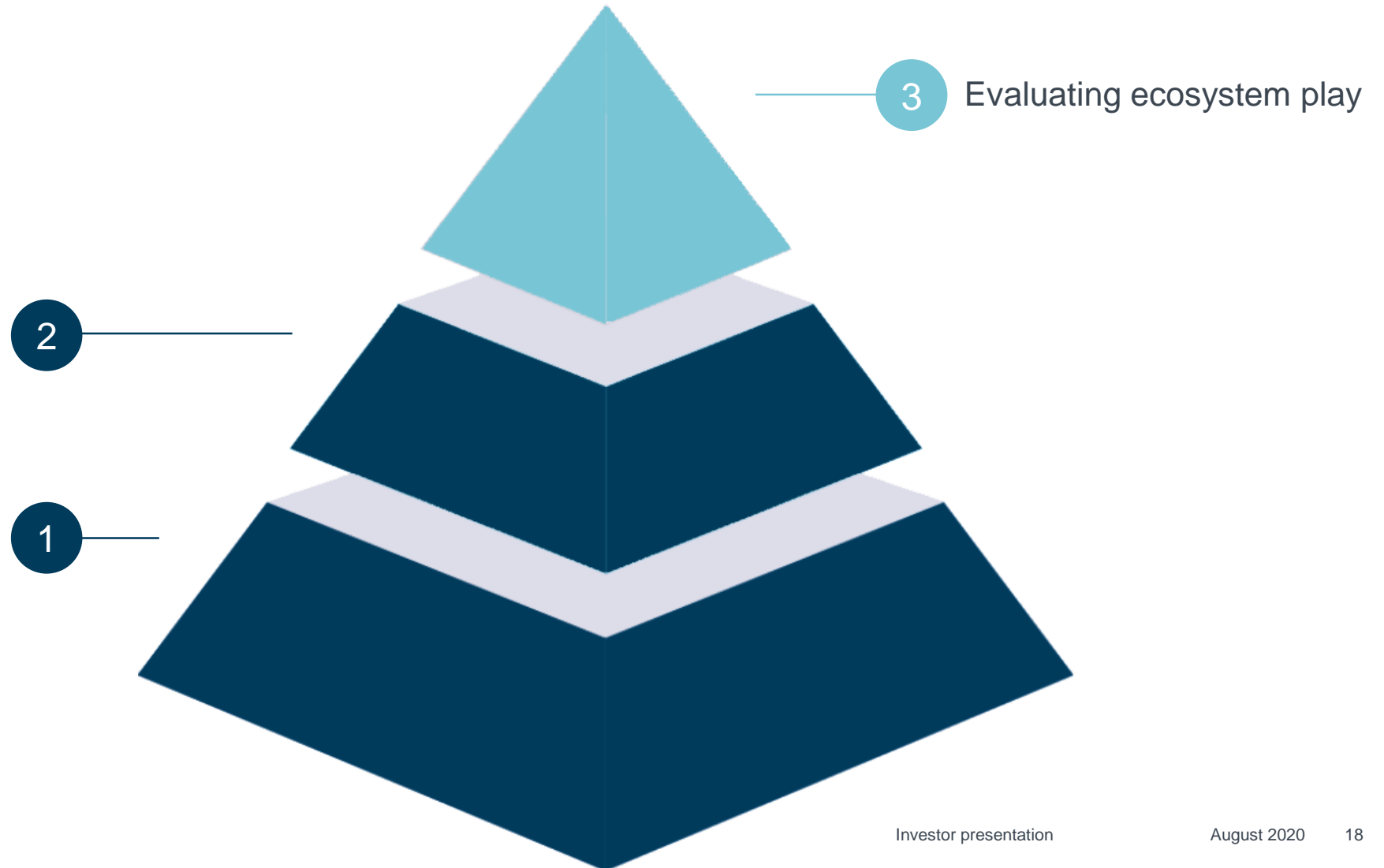


# Committed to become the leader in intelligent cargo handling – evaluating future options for value creation

Increased focus on intelligent solutions and system level optimisation.

Availability and performance-based solutions and services  
Advanced robotics

Continuous development of equipment, spare parts and maintenance services



# Kalmar provides integrated port automation solutions also after potential divestment of Navis

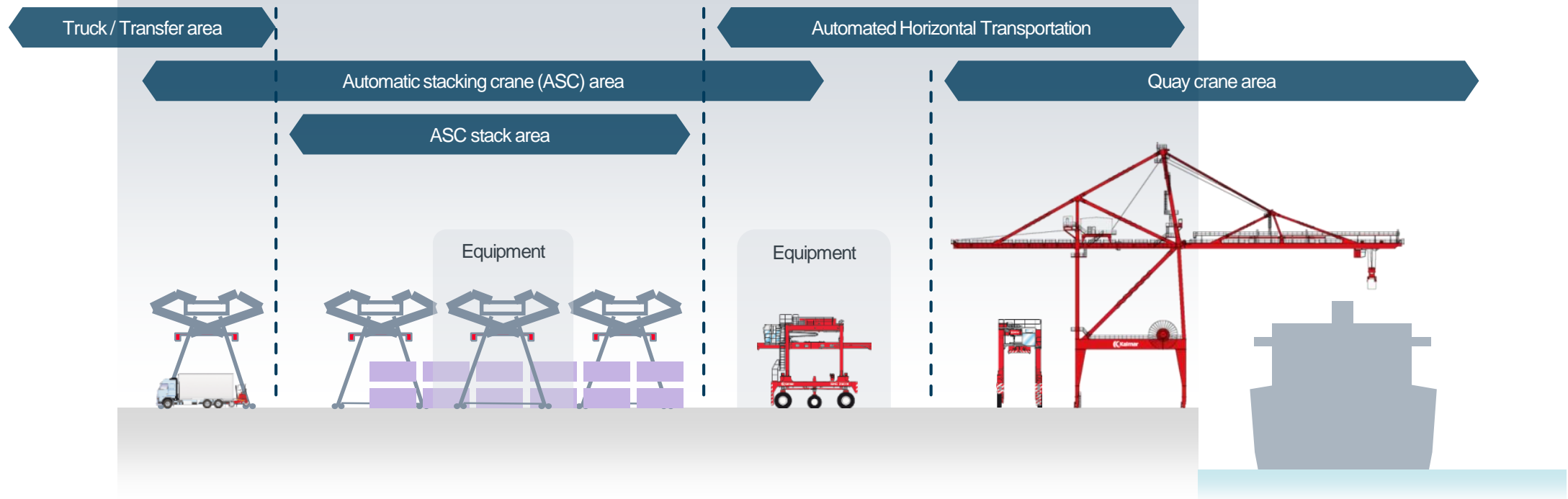
Terminal Operating System (TOS) coordinates and optimizes the planning and management of container and equipment moves

navis®

Kalmar provides integrated port automation solutions including software, services and a wide range of cargo handling equipment

 **KALMAR**

Terminal Logistic System (TLS)







# Robotics as an opportunity

AUTOMATED SOLUTION

ROBOTICS FUNCTIONALITY

Digitalisation • Autonomous • Electrification

KALMAR EQUIPMENT



# Towards new business models



**Virtual  
capability**

**Simultaneous  
engineering**



**Validated  
output**

**Optimised  
solution**



**High-speed  
commission**

**Faster return  
on capital**



**Connected  
services**

**Increased  
uptime**



**De/Re  
commission**

**Replacement  
upgrade**

## A digital life of the customer



# Services provide our biggest medium-term growth opportunity



Equipment & Projects  
**20-30%**



Software  
**20-30%**



Services  
**3-5%**

Market  
share

Market  
size

**6B€**

**0.5-1B€**

**8B€**

# Automation deals highlight our successful investments in automation

## **Kalmar and Navis to deliver world-first intermodal automation solution to Sydney, Australia**

Greenfield intermodal terminal, Qube's Moorebank Logistics Park

- First fully automated intermodal terminal in the world

Kalmar OneTerminal contract, including Navis N4 TOS

All equipment can be operated electrically on local solar power

Order value EUR 80 million, booked in Q2 2018

## **Fully digitalised and autonomous container handling solution with software and services to Yara**

Solution enables autonomous, cost efficient and emission-free operations of the Yara Birkeland container ship in Norway





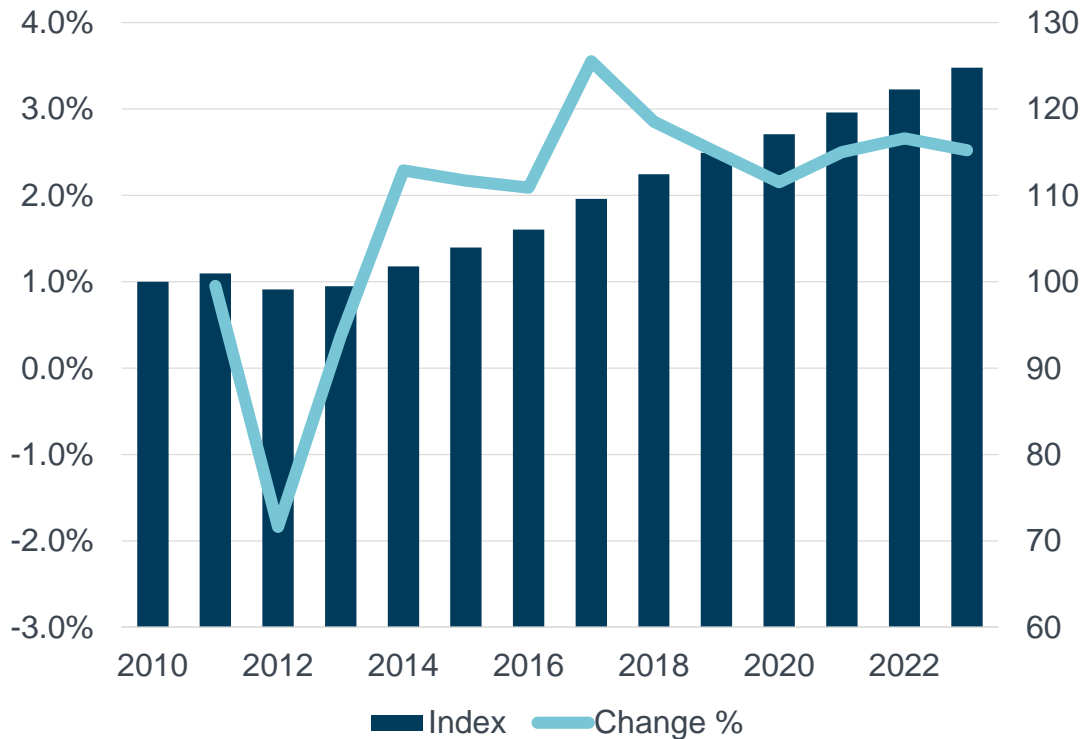
# Hiab



# Construction output driving growth opportunity

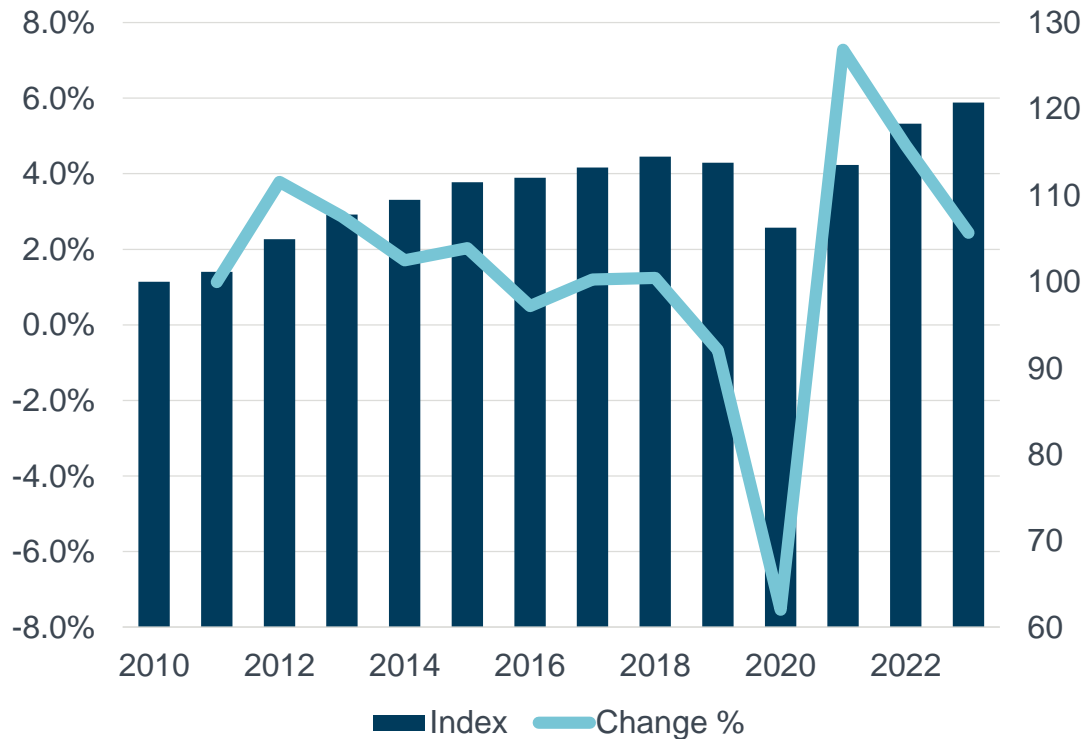
## EMEA construction output

y/y change (%)



## AMER construction output






y/y change (%)



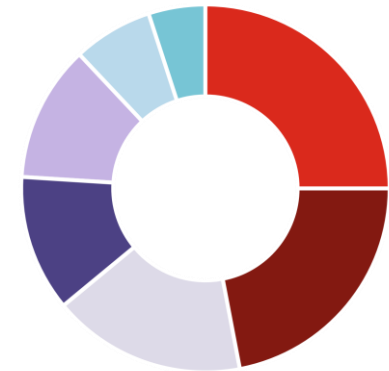
Oxford Economics: Industry output forecast  
6/2020



# Strong global market position and customers across diverse industries

		MARKET SIZE* (EUR billion)	KEY SEGMENTS	HIAB GLOBAL POSITION & TREND
LOADER CRANES		~1.5	Construction and Logistics	#2 ↗
TAIL LIFTS		~0.9	Retail Industry and Logistics	#2 ↗
DEMOUNTABLES		~0.6	Waste and Recycling, Defense	#1 ↗
TRUCK MOUNTED FORK LIFTS		~0.3	Construction and Logistics	#1 →
FORESTRY & RECYCLING CRANES		~0.3	Timber, Pulp, Paper & Recycling	#2 →

Industry segment indicative sales mix 2018



Most important segments

- Construction and Building Material
- Delivery Logistic
- Waste & Recycling
- Timber, Paper & Pulp
- Defense Logistic
- Road & Rail
- Other

# Attractive megatrends and growth drivers

## MEGA TRENDS



- **Urbanisation** and **Consumption** growth driving needs for efficiency
- **Digitalisation** and **Connectivity** enabling new **business** solutions

## MARKET GROWTH



- **North America** and main **European** markets continue to grow
- **Developing markets** strong load handling equipment penetration potential

## KEY SEGMENTS



- **Construction, Waste & Recycling, Logistics** and **Governmental** business segments show continued growth projection

## PRODUCT OFFERING



- **New applications** market and segment growth potential
- Developing for increasing demand in **Electrification** and **Automation**

## SERVICE SOLUTIONS



- Growing demand for comprehensive **life-cycle service offerings** and tailored **business solutions**

# Hiab's key growth drivers



## 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



# MacGregor



# We are an active leader in all maritime segments

~2/3 of sales

~1/3 of sales

Merchant Cargo Flow	Marine People Flow	Naval Logistics and Operations	Offshore Energy	Marine Resources & Structures
MARKET POSITION <b>#1</b>	<b>#1</b>	<b>#1-2</b>	<b>#1</b>	<b>#1-2</b>
<ul style="list-style-type: none"> <li>▪ Container cargo</li> <li>▪ Bulk cargo</li> <li>▪ General cargo</li> <li>▪ Liquid cargo</li> <li>▪ RoRo cargo</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ferry</li> <li>▪ Cruise</li> <li>▪ Superyachts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Naval &amp; Military Supplies Logistics</li> <li>▪ Naval &amp; Military Operations Support</li> <li>▪ Ship-to-ship transfer</li> </ul>	<ul style="list-style-type: none"> <li>▪ Oil &amp; Gas</li> <li>▪ Renewables</li> </ul>	<ul style="list-style-type: none"> <li>▪ Research</li> <li>▪ Fishery</li> <li>▪ Aquaculture</li> <li>▪ Mining</li> </ul>

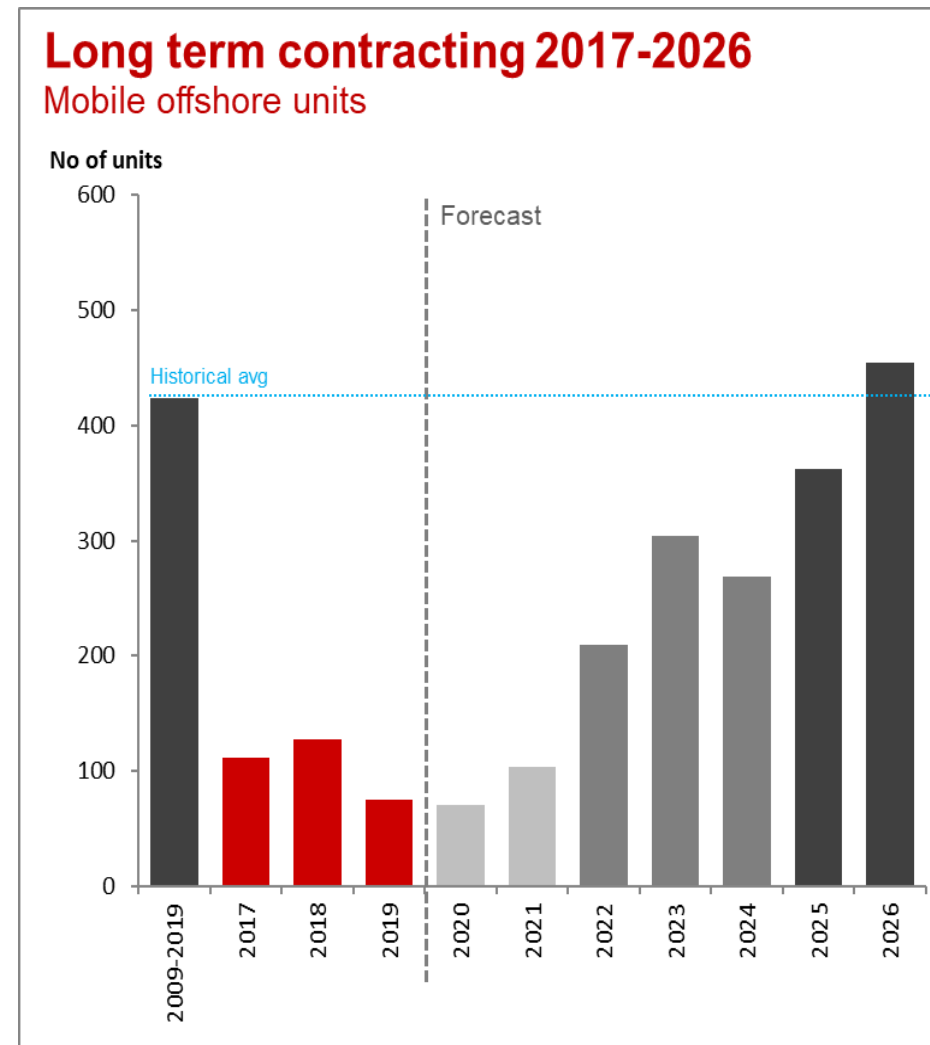
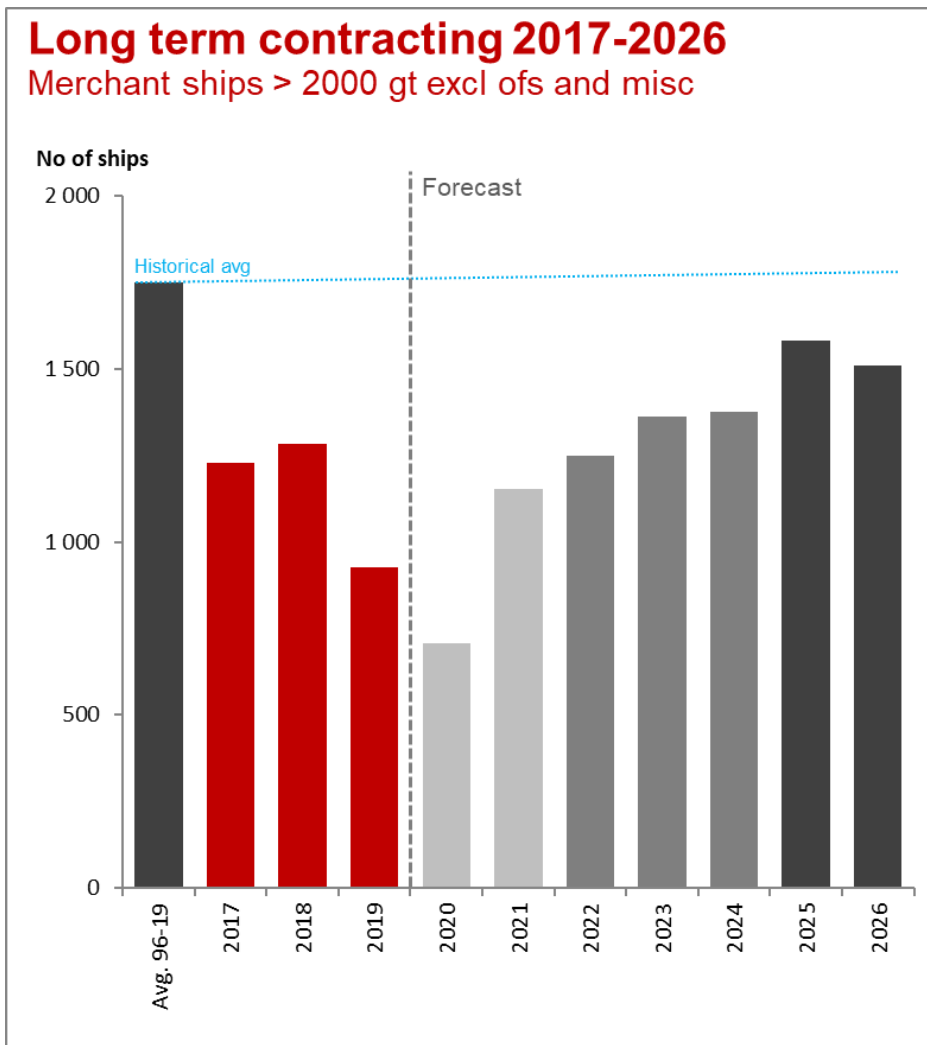
## Lifecycle Services



Picture: Equinor

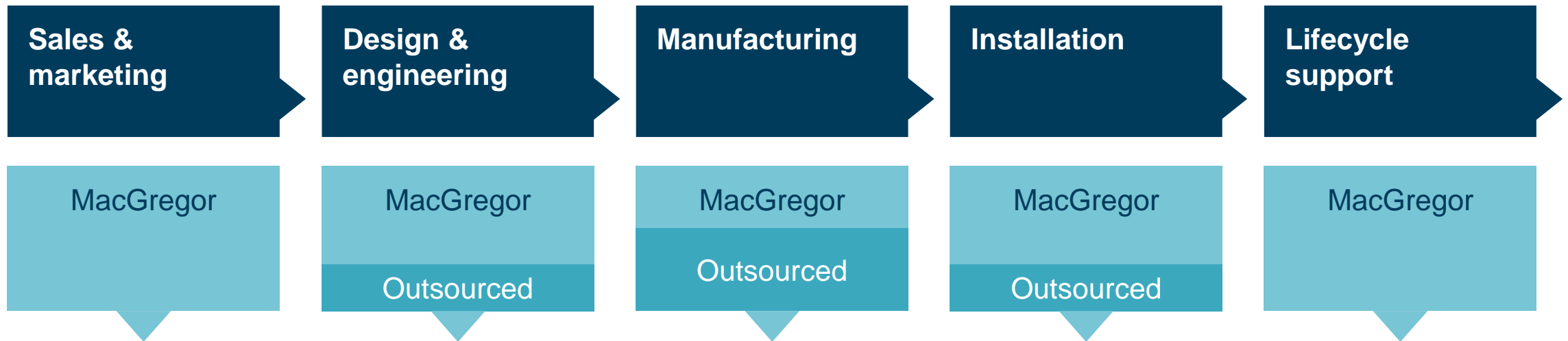
# Merchant Ships and Offshore contracting – short-term challenges

Increased uncertainty and weakening global economy limit ship owners' interest to invest





# MacGregor's asset-light business model gives flexibility



Cost-efficient scaling

**90%** of manufacturing outsourced

**30%** of design and engineering capacity outsourced

# Planned MacGregor cost savings

The potential cost savings in 2020 are estimated to be around EUR 18 million. 7 MEUR from cost savings achieved during H1, remaining 11 MEUR expected for H2

Potential cost savings from the TTS integration

- EUR ~12 million in 2020
- EUR ~10 million in 2021
- EUR ~5 million in 2022–2024

TTS integration cost synergy components

- Roles/Positions
- Facilities
- Supply chain



# Recent progress





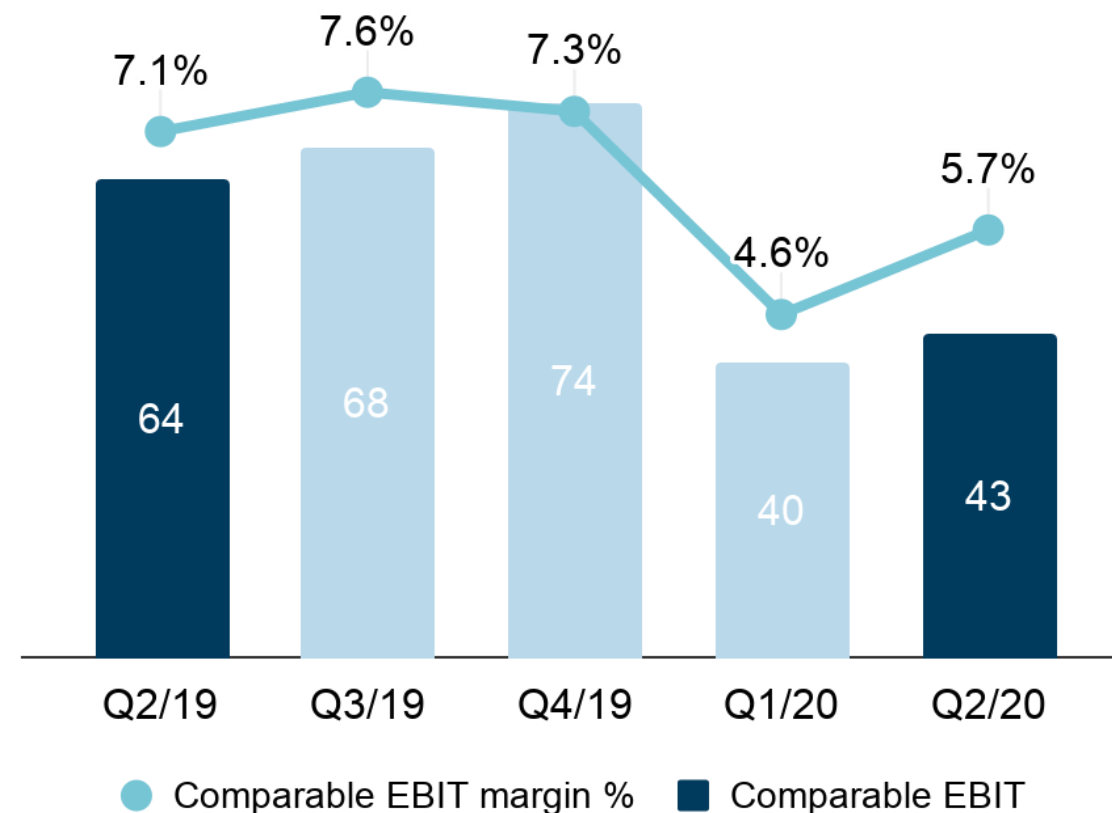
# Highlights of Q2 2020 – Strong Covid-19 impact in early Q2, gradual improvement throughout the quarter

**Orders received** decreased by 27%

**Sales** decreased by 17% compared to Q2/2019 level

**Comparable operating profit** decreased by 33%

- Kalmar -7 MEUR from Q2/2019
- Hiab -26 MEUR from Q2/2019
- MacGregor +7 MEUR from Q2/2019



# The coronavirus pandemic affected Cargotec in Q2/20

Safety of our personnel and customers top priority

Group-wide focus on safeguarding business continuity, cash flow and adjusting cost structure

- Temporary cost savings effective, approximately 10 MEUR per month

Demand recovering month-by-month

- Uncertainty and restrictions set by authorities slowed decision making and weakened orders received
- No major order cancellations
- Europe and APAC more robust than Americas
- Services and software relatively stable

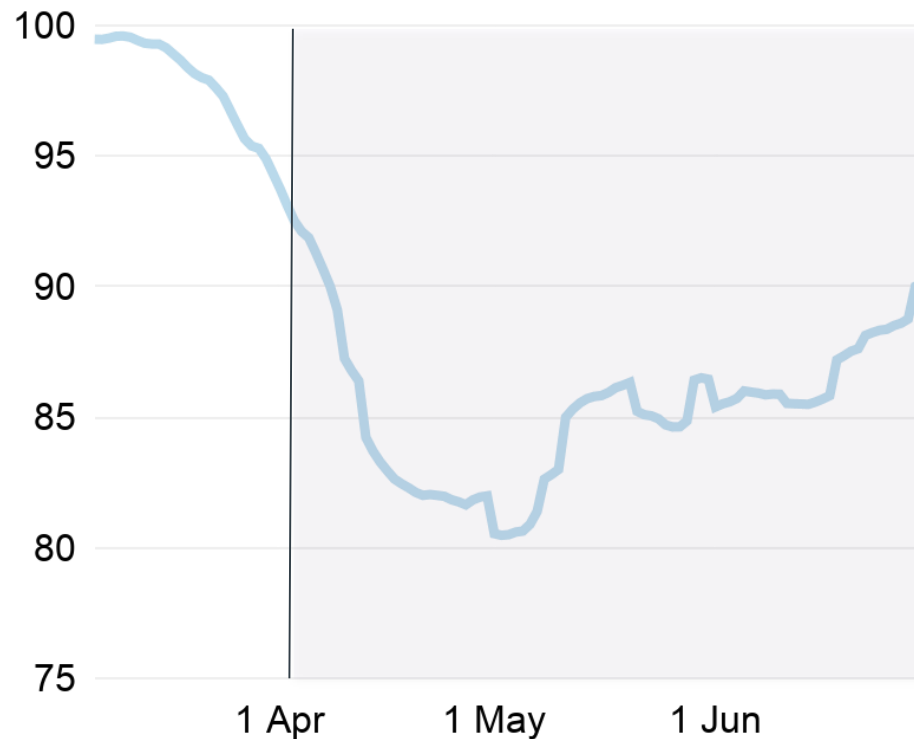
Our delivery capability improved during the course of Q2

- All assembly units back in operation by June
- Component supply normalising
- Some delays in delivery schedules, limited access for specialists



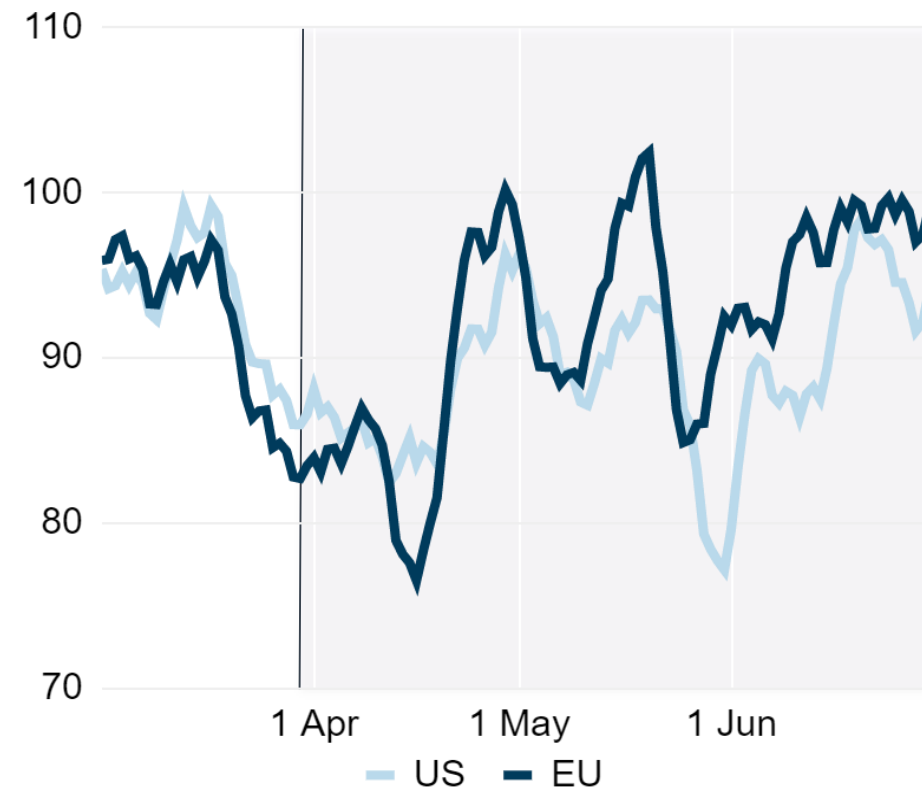
# Hiab loader cranes usage on February level in Europe, Kalmar's equipment data shows steady recovery

Kalmar Mobile Solutions, indexed running hours<sup>1</sup>



<sup>1</sup>Global running hours of Kalmar Mobile Solutions' connected equipment. 28 day indexed average comparison with February 2020 average.

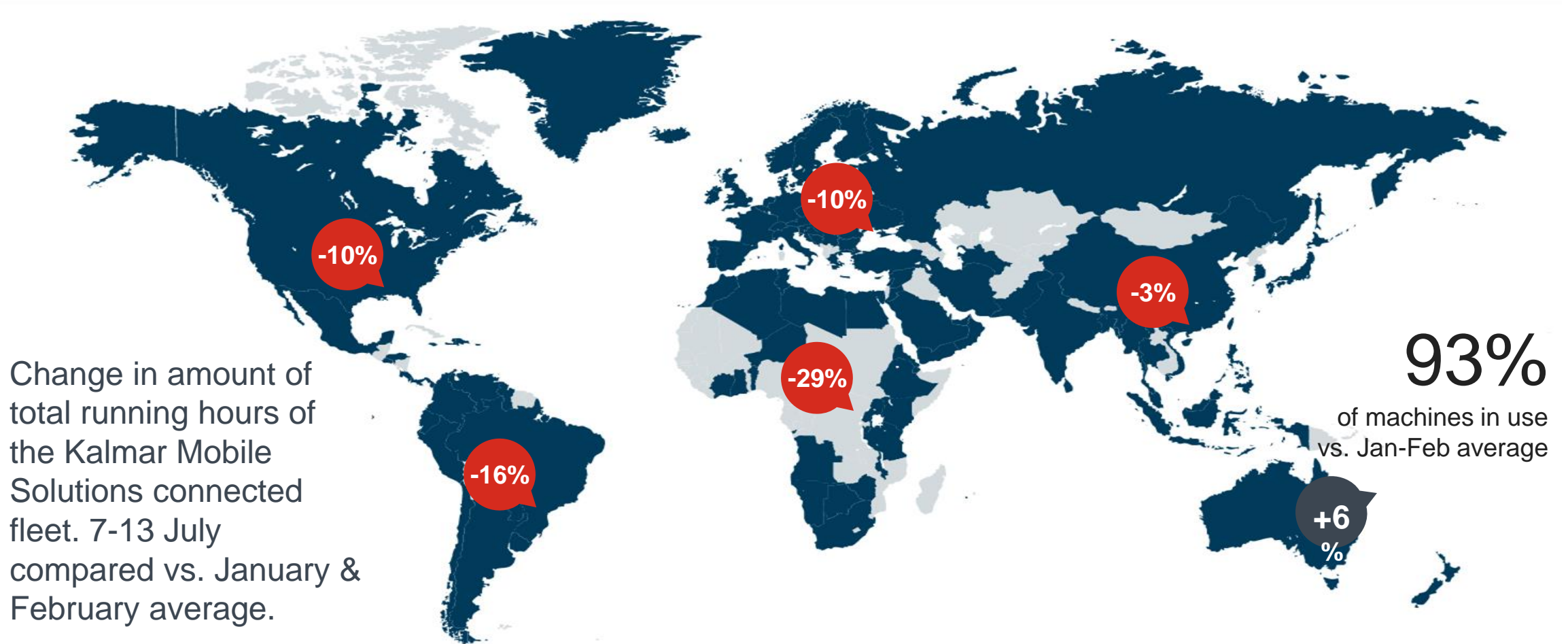
Hiab, loader cranes' activity index<sup>2</sup>



<sup>2</sup>Activity index of Hiab's connected loader cranes. Activity compared to previous 6 month average, 100 = February high



# Gradual improvement in equipment running hours



# Market environment

## Number of containers handled at ports declined

- Customers are postponing decision-making in major investments

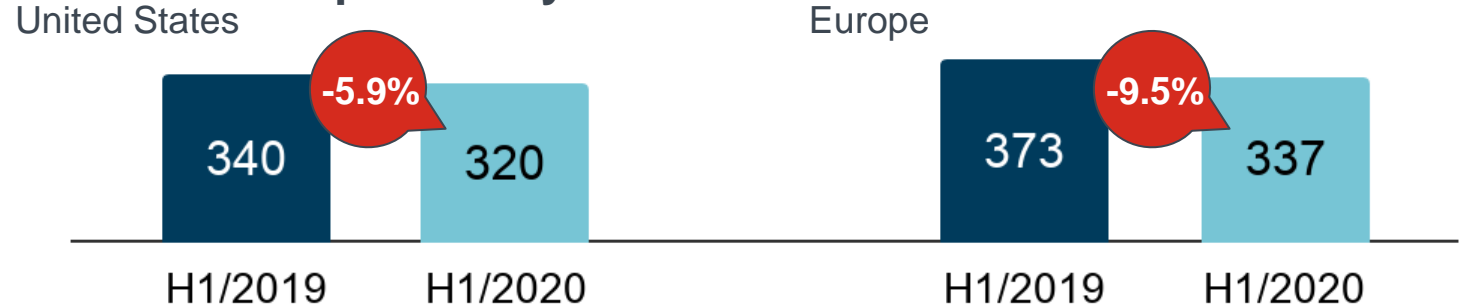
## Construction activity decreased in Europe and US

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)<sup>1</sup> – Key driver for Kalmar

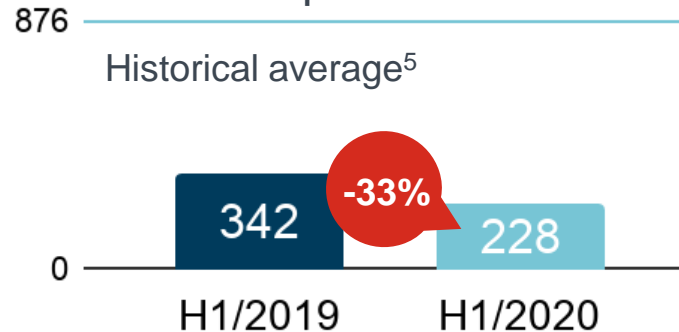


### Construction output<sup>2</sup> – Key driver for Hiab

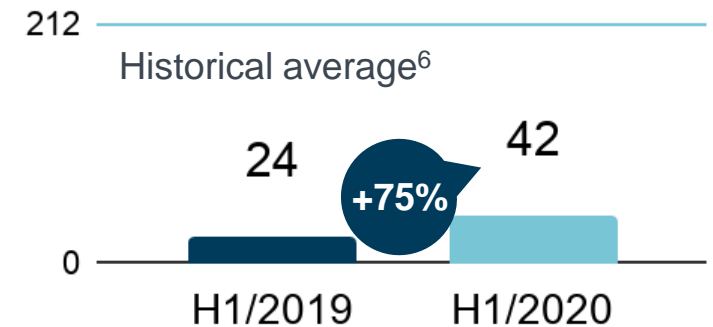


### Long term contracting – Key driver for MacGregor

#### Merchant ships<sup>3</sup>

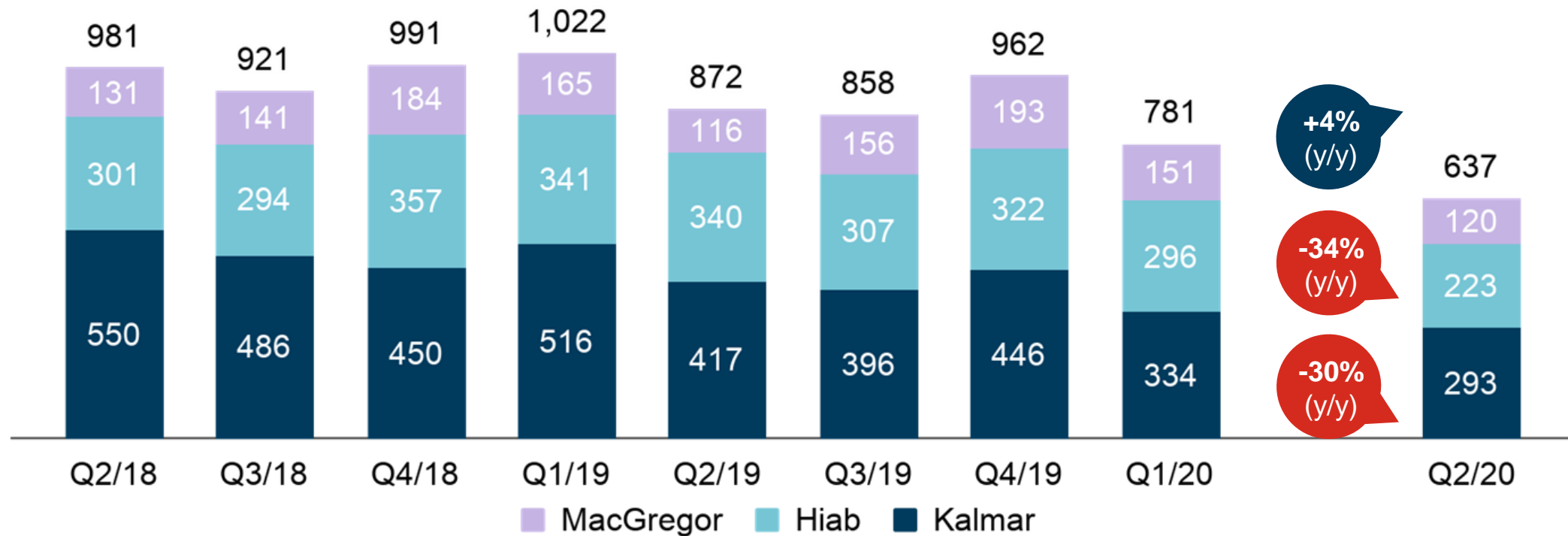


#### Offshore mobile units<sup>4</sup>



# Orders expected to have reached bottom in Q2

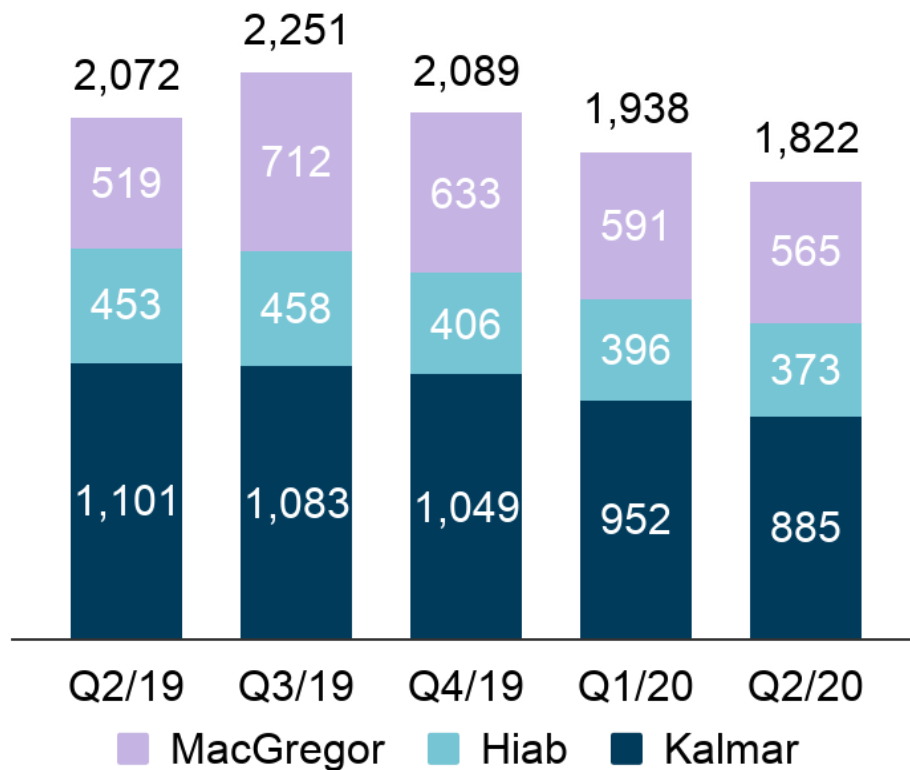
MEUR



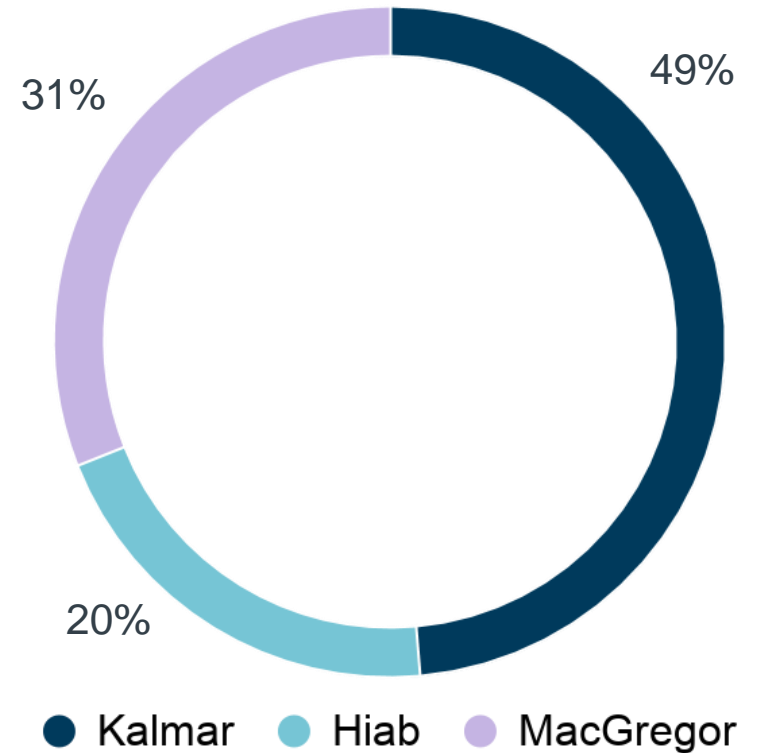


# Order book on a good level in all business areas

Order book  
MEUR

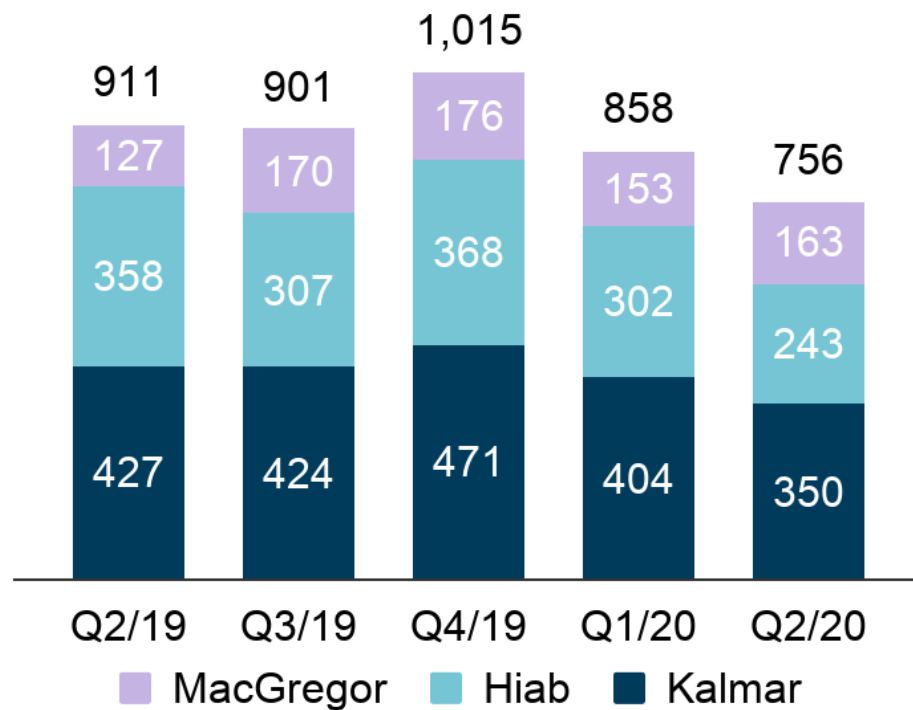


Order book by reporting  
segment, Q2 2020

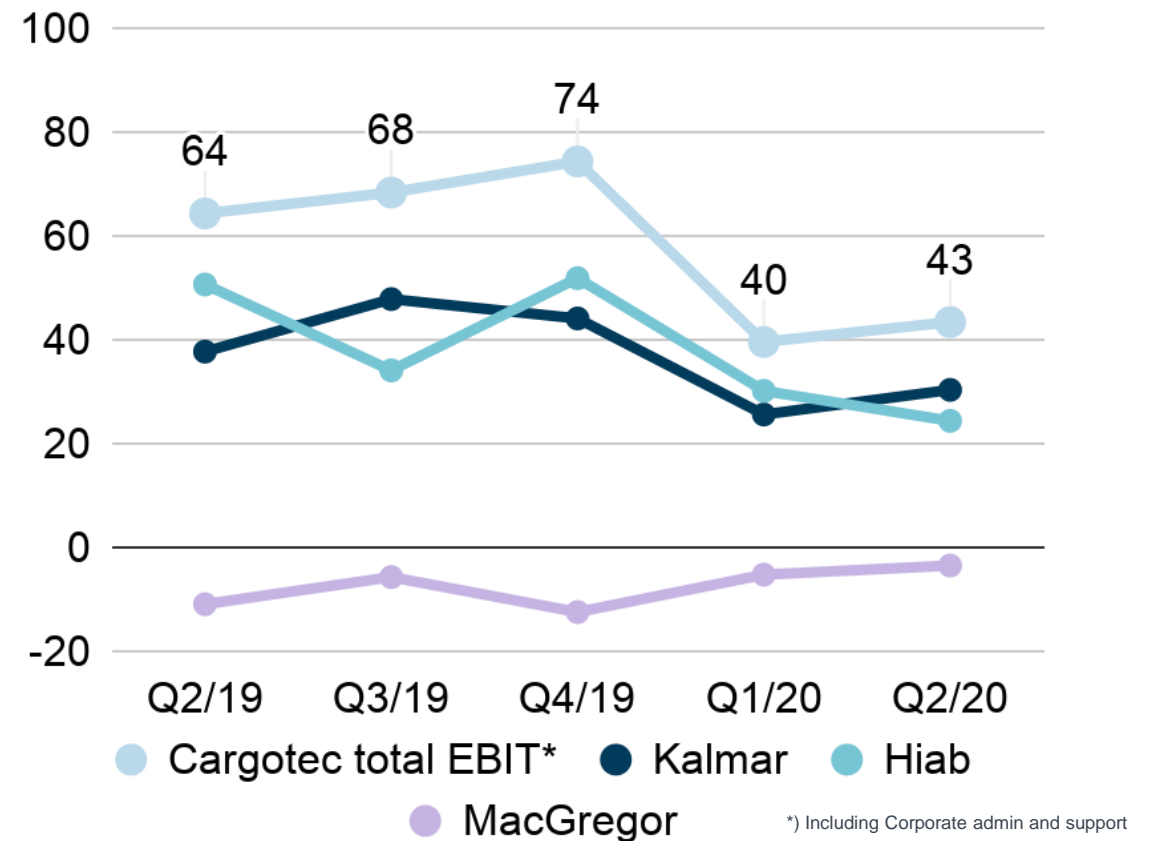


# Sales decreased, gradual recovery during the quarter

## Sales MEUR



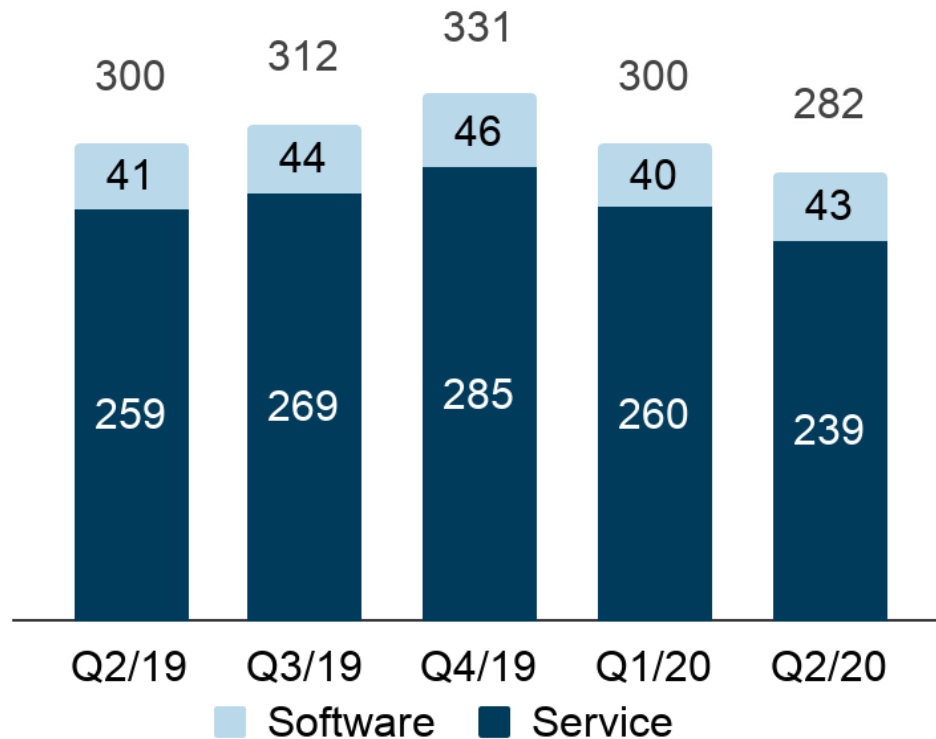
## Comparable operating profit MEUR



# Software sales increased, Services resilient

## Service and software\* sales

MEUR



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

Q2/20 service sales -8%

- Kalmar -7%
- Hiab -18%
- MacGregor +7%

Decline in Hiab due to reduction in installations and accessories, driven by lower new equipment sales

Software sales +5%

Service and software 37% of total sales



# Business areas

Cargotec's half year financial report  
January–June 2020



# Kalmar Q2 – Recovering customer activity towards the end of the quarter

Orders received declined in Automation & Projects and mobile equipment

Sales increased in Automation and Projects but decreased in mobile equipment

Service sales decreased by 7%, software sales increased by 5%

Comparable operating profit margin remained stable

- Sales mix
- Productivity improvements
- Temporary cost savings

MEUR	Q2/20	Q2/19	Change
Orders received	<b>293</b>	417	-30%
Order book	<b>885</b>	1,101	-20%
Sales	<b>350</b>	427	-18%
Comparable operating profit	<b>30</b>	38	-20%
Comparable operating profit margin	<b>8.6%</b>	8.8%	-20bps





# Hiab Q2 – Good comparable operating profit margin despite of decline in sales

Orders received and sales decreased in all regions

- Service sales decreased by 18%

Comparable operating profit decreased to 24 MEUR due to lower volumes

Comparable operating profit margin remained at a good level

- Higher share of Services and asset light operating model support margin
- Productivity improvements
- Temporary cost savings

MEUR	Q2/20	Q2/19	Change
Orders received	223	340	-34%
Order book	373	453	-18%
Sales	243	358	-32%
Comparable operating profit	24	51	-52%
Comparable operating profit margin	10.0%	14.1%	-410bps





# MacGregor Q2 – Comparable operating profit improved

Orders received increased by 4%

Sales increased by 28%

- Service sales +7%

Comparable operating profit increased

- Restructurings savings
- Merchant solutions sales increased

Productivity improvements ongoing

- 2020 savings target 18 MEUR
- 7 MEUR from cost savings achieved during H1, remaining 11 MEUR expected for H2

MEUR	Q2/20	Q2/19	Change
Orders received	120	116	4%
Order book	565	519	9%
Sales	163	127	28%
Comparable operating profit	-4	-11	68%
Comparable operating profit margin	-2.2%	-8.7%	650bps



# Financials and outlook

Cargotec's half year financial report  
January–June 2020



# Key figures – Q2 comparable operating profit on good level

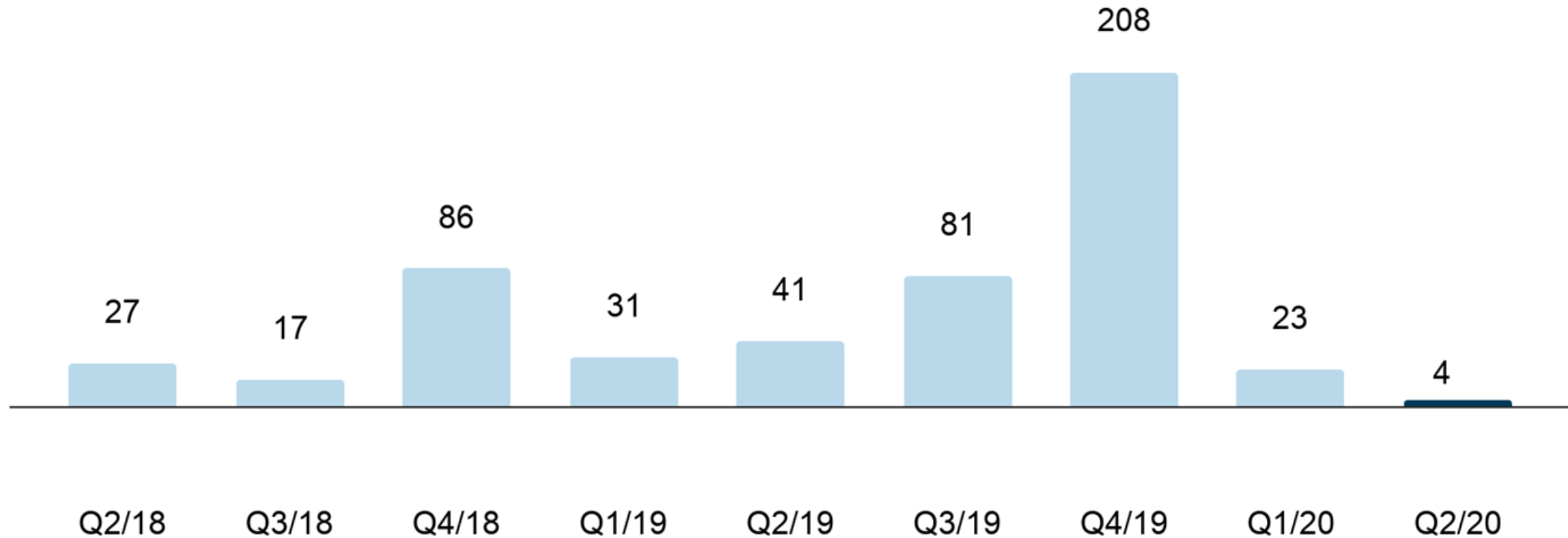
	Q2/20	Q2/19	Change	H1/20	H1/19	Change
Orders received, MEUR	<b>637</b>	872	-27%	<b>1,417</b>	1,894	-25%
Order book, MEUR	<b>1,822</b>	2,072	-12%	<b>1,822</b>	2,072	-12%
Sales, MEUR	<b>756</b>	911	-17%	<b>1,614</b>	1,767	-9%
Comparable operating profit, MEUR	<b>43</b>	64	-33%	<b>83</b>	122	-32%
Comparable operating profit, %	<b>5.7%</b>	7.1%	-130bps	<b>5.1%</b>	6.9%	-180bps
Items affecting comparability, MEUR	<b>-63</b>	-11	<-100%	<b>-76</b>	-18	<-100%
Operating profit, MEUR	<b>-20</b>	53	<-100%	<b>7</b>	104	-93%
Operating profit, %	<b>-2.6%</b>	5.8%	-840bps	<b>0.4%</b>	5.9%	-550bps
Net income, MEUR	<b>-36</b>	29	<-100%	<b>-25</b>	60	<-100%
Earnings per share, EUR	<b>-0.56</b>	0.45	<-100%	<b>-0.39</b>	0.93	<-100%
Earnings per share, EUR*	<b>-0.30</b>	0.57	<-100%	<b>0.01</b>	1.12	-99%
ROCE, %**	<b>3.4%</b>	9.6%	-620bps	<b>3.4%</b>	9.6%	-620bps



# Cash flow remained positive

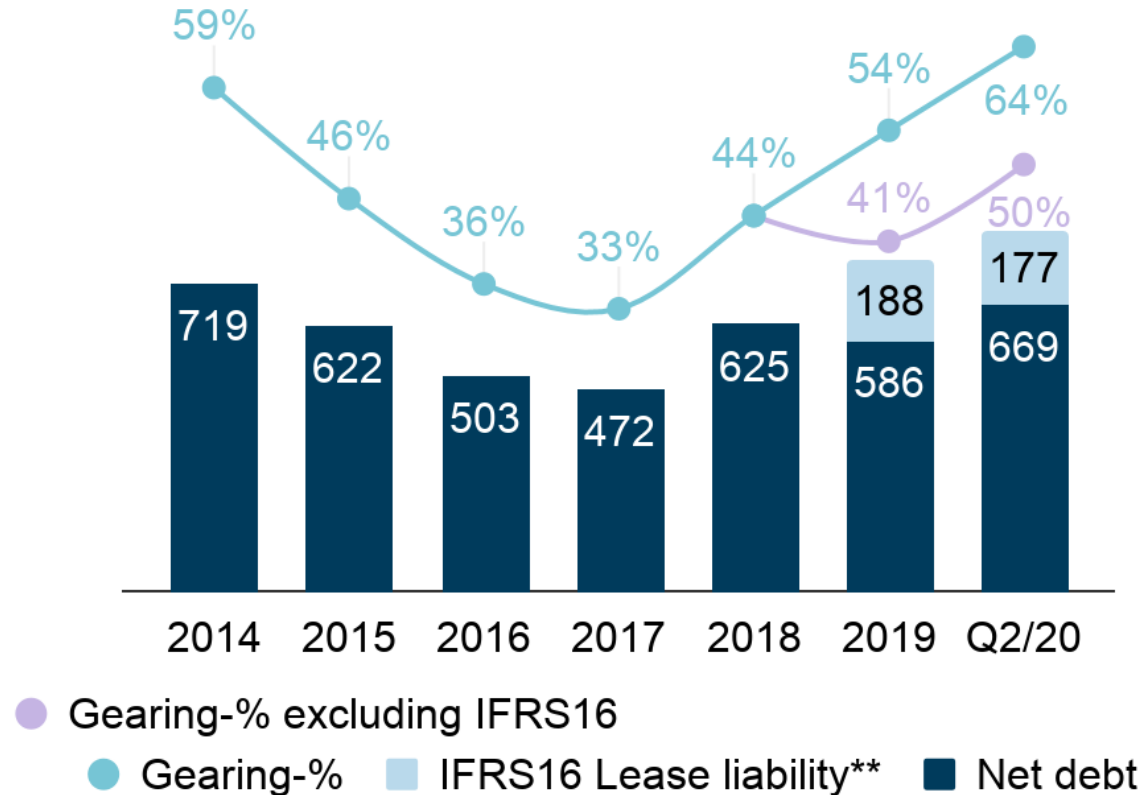
Cash flow from operations before financing items and taxes

MEUR



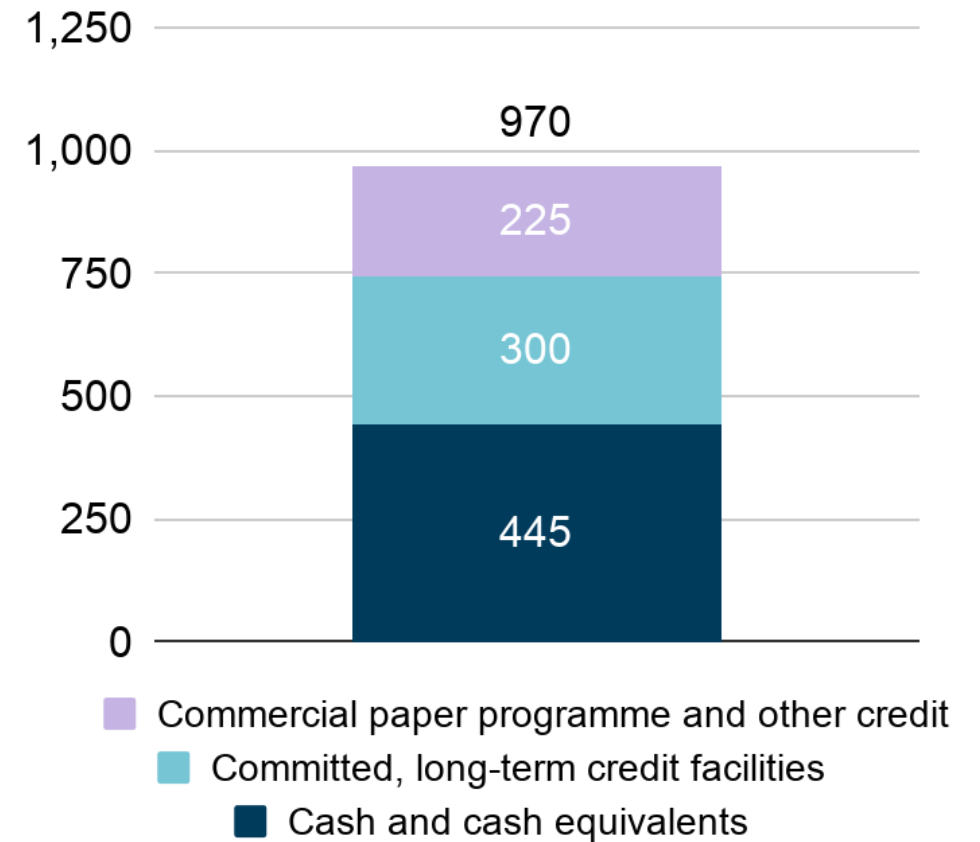
# Strong financial position and liquidity

Net debt & gearing  
MEUR



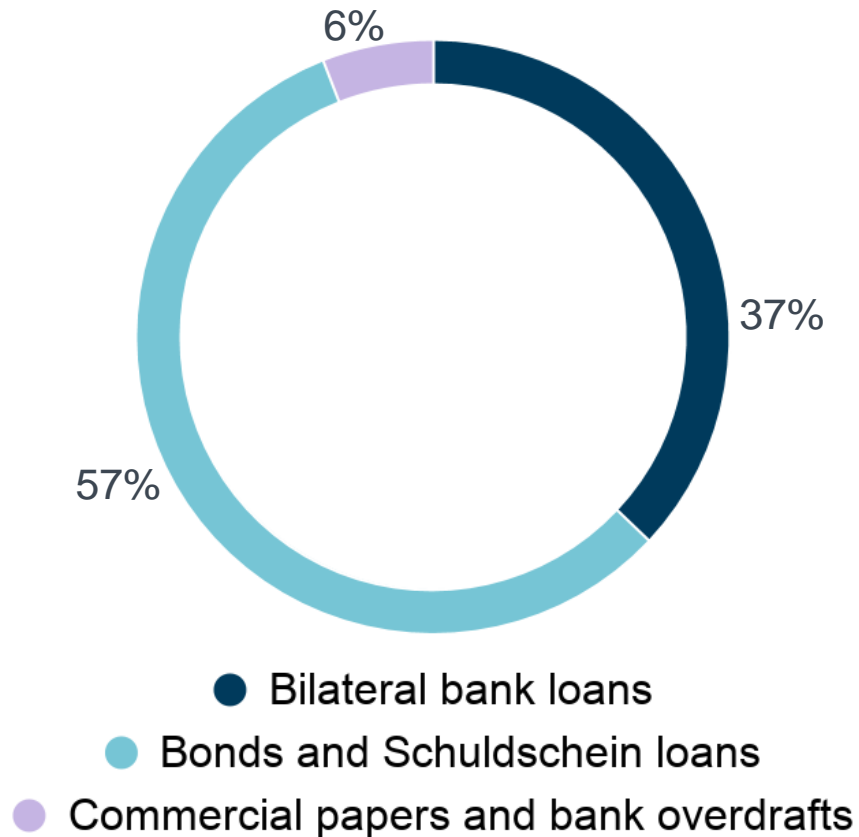
\*Cargotec adopted the IFRS 16 standard on 1 Jan 2019.

Total liquidity, 30 June 2020

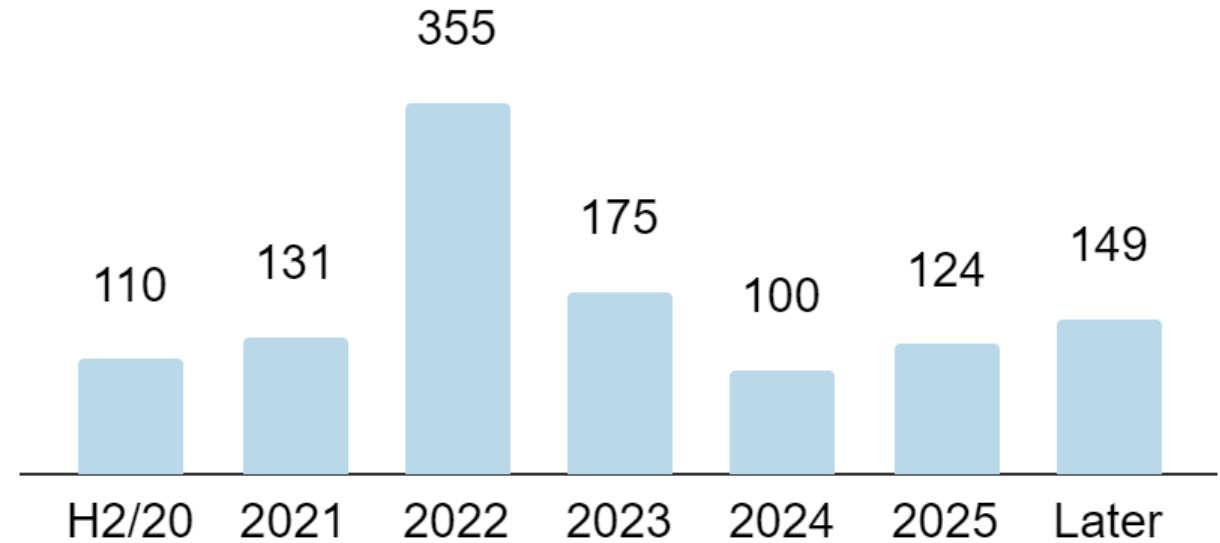


# Balanced debt portfolio - no major repayments in the coming years

Loan structure, 30 June 2020



Repayment schedule of interest-bearing liabilities excluding finance lease  
MEUR





# Outlook for 2020

Visibility towards the end of the year is still weak

In the current exceptional situation Cargotec estimates that it is not able to give a guidance for the year 2020

Cargotec estimates its business and operating environment to develop in H2/20 as follows:

- The recovery of market activity continues
- The delivery capability of Cargotec and its supply chain continues to improve
- Productivity improvements support profitability in the future as well



# Strategic progress and climate ambition

Cargotec's half year financial report  
January–June 2020





# We continue executing our strategy

## Driving our productivity

- Sale of joint venture Rainbow-Cargotec
- Contract manufacturing of Indital products and closing of Bangalore multi-assembly unit
- Headcount reduced by 429 during H1
- External workforce reduction approximately 1 MEUR per month
- Restructuring costs 72 MEUR in Q2

## Enabling sustainable long-term value creation

- Commitment to UN's Business Ambition for 1.5°C
- Signing of *Uniting Business and Governments to Recover Better* statement
- Increased investments in electrification, automation, software and robotics





# 1.5

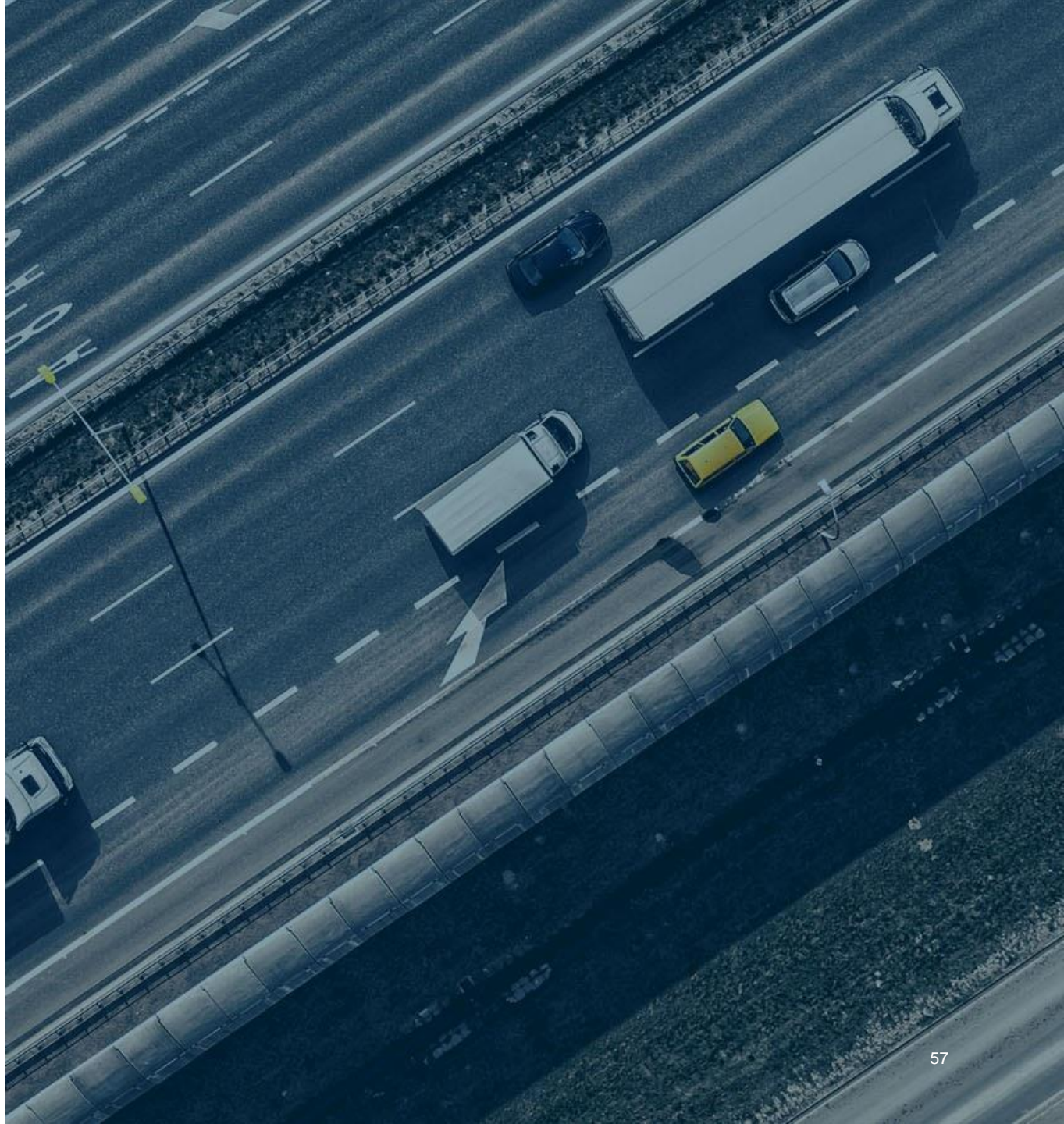
**DEGREE  
COMPANY**

Let's reduce CO<sub>2</sub> emissions at least 50 percent by 2030.  
This is critical for limiting global warming to 1.5 degrees.



# Appendix

1. Largest shareholders and financials
2. Sustainability
3. Kalmar
4. Hiab
5. MacGregor

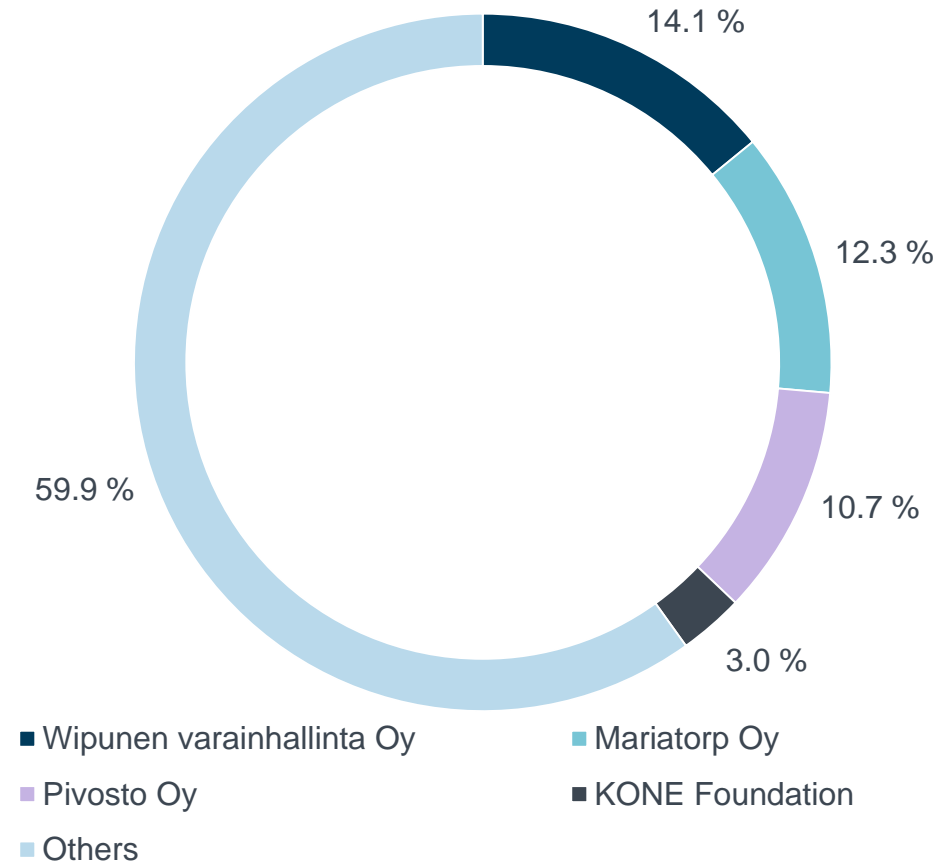


# Largest shareholders

## 31 July 2020

		% of shares	% of votes
1.	Wipunen varainhallinta Oy	14.1	23.7
2.	Mariatorp Oy	12.3	22.9
3.	Pivosto Oy	10.7	22.2
4.	KONE Foundation	3.0	5.5
5.	Ilmarinen Mutual Pension Insurance Company	2.2	0.9
6.	The State Pension Fund	1.2	0.5
7.	Varma Mutual Pension Insurance Company	1.2	0.5
8.	Elo Mutual Pension Insurance Company	1.2	0.5
9.	Mandatum Life Insurance Company Ltd.	0.9	0.4
10.	Herlin Heikki Juho Kustaa	0.6	0.3
<b>Nominee registered and non-Finnish holders</b>		<b>23.72</b>	

% of shares



Wipunen varainhallinta Oy is a company controlled by Ilkka Herlin, Mariatorp Oy a company controlled by Heikki Herlin and Pivosto Oy a company controlled by Ilona Herlin.



# Examples of our wide equipment offering



Reachstacker



Straddle carrier



Loader crane



Truck-mounted forklift



Cranes



Marine self-unloaders



Terminal tractor



Container handler



Hooklift, Skiploader



Taillift



Hatch covers,  
container lashings



Offshore load handling



Forklift truck



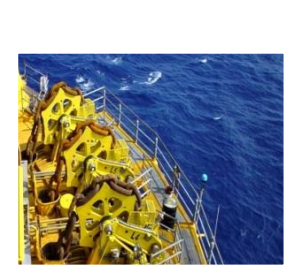
Automatic stacking crane



Recycling and forestry cranes



Deck machinery

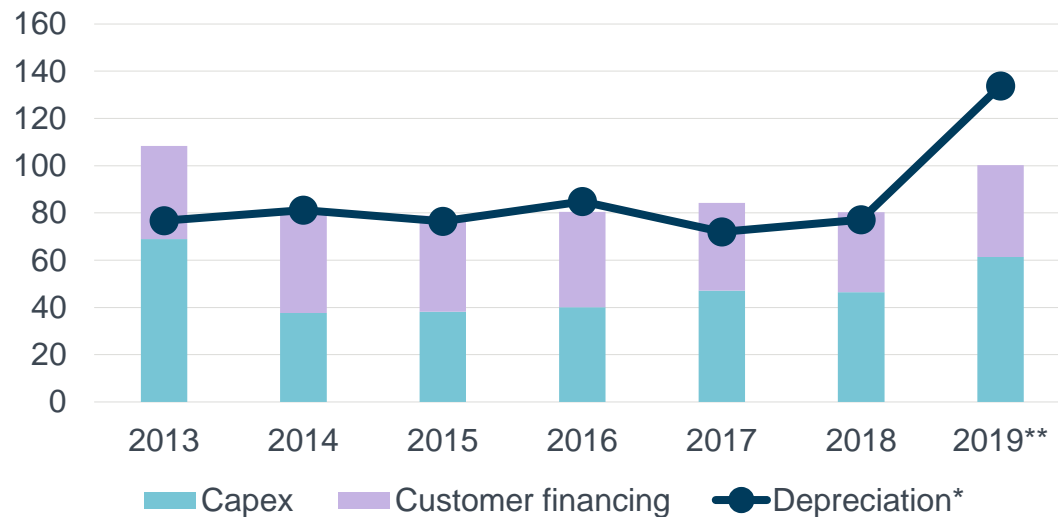


Mooring systems



# Capex and R&D

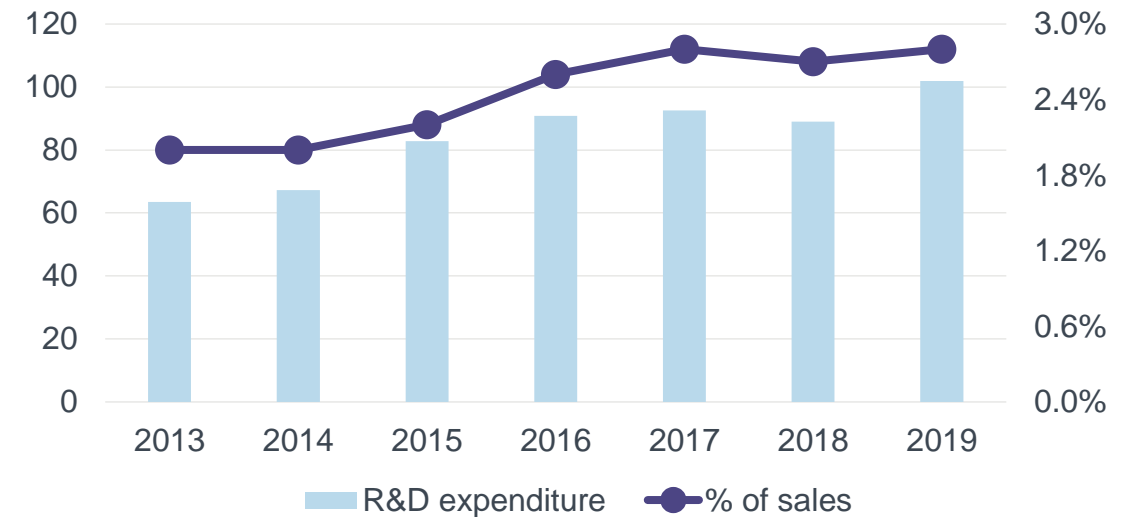
## Capital expenditure



### Main capex investments:

- Kalmar innovation centre in Ljungby, Sweden
- Investments in multi-assembly units in Kalmar and Hiab
- Intangible assets, such as global systems to improve efficiency in operational activities and support functions

## Research and development

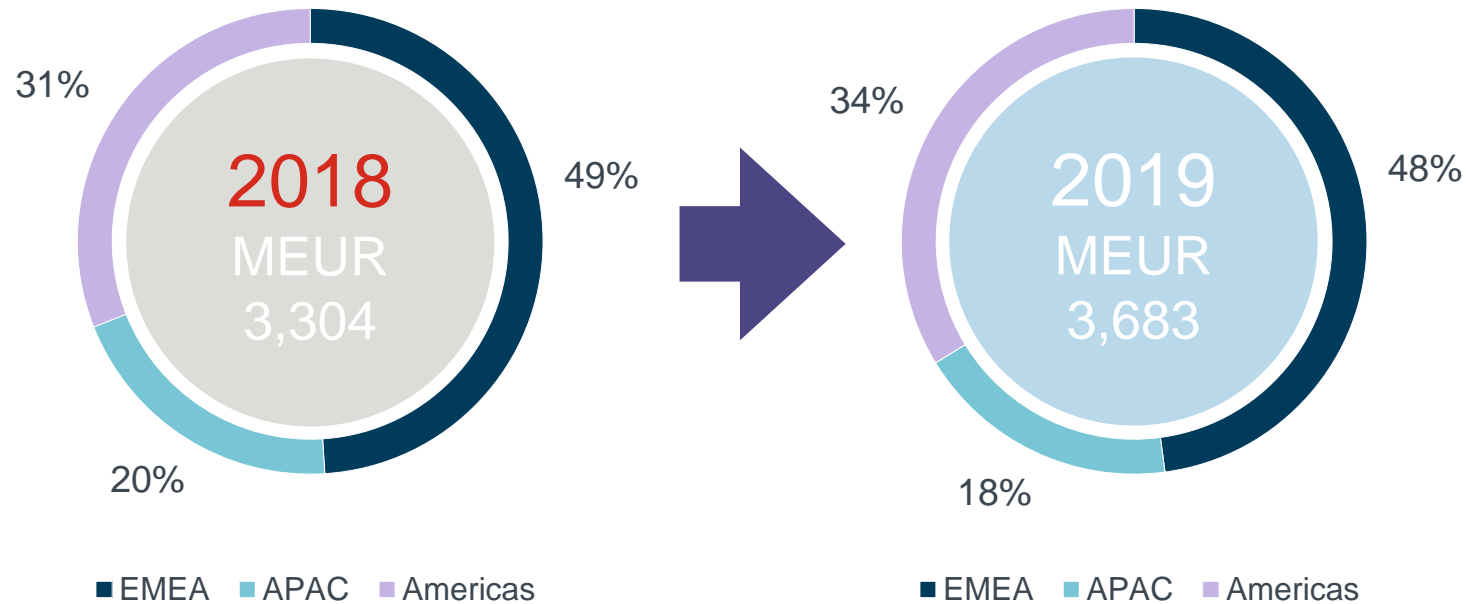


### R&D investments focused on

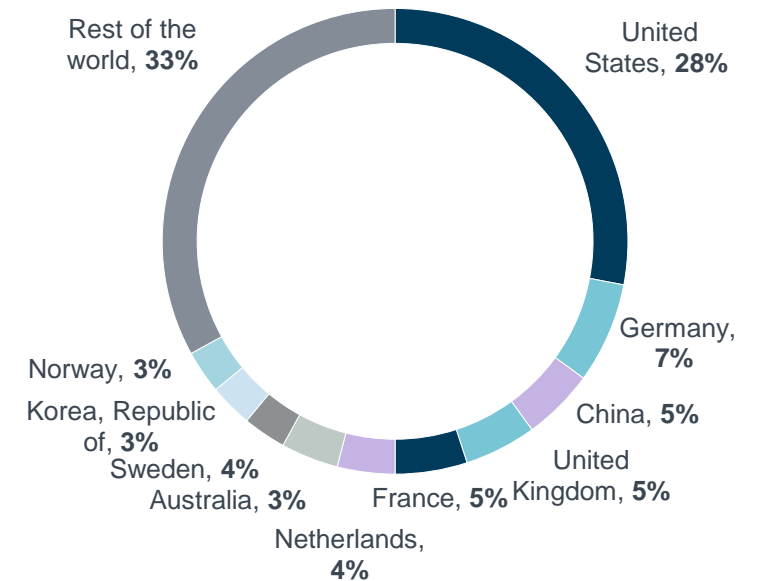
- Digitalisation
- Competitiveness, cost efficiency and eco-efficiency of products

\*) Including amortisations and impairments  
 \*\*) depreciation increased due to IFRS 16 implementation

# Well diversified geographical sales mix

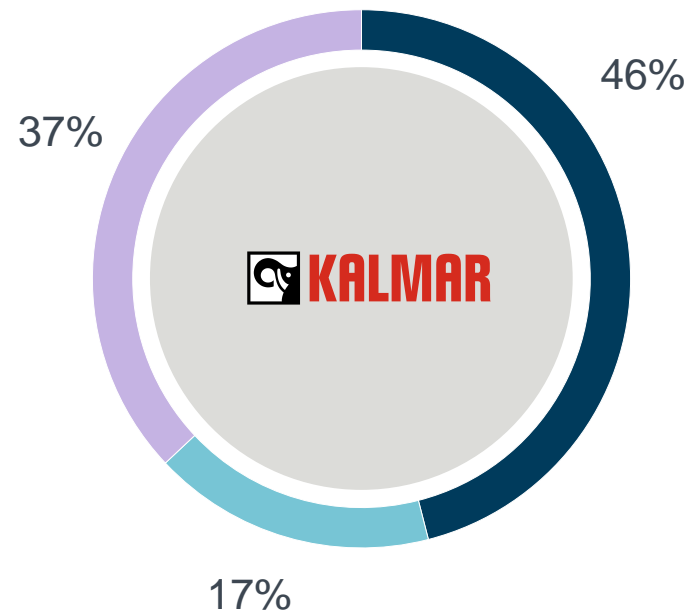


## Top-10 countries by customer location

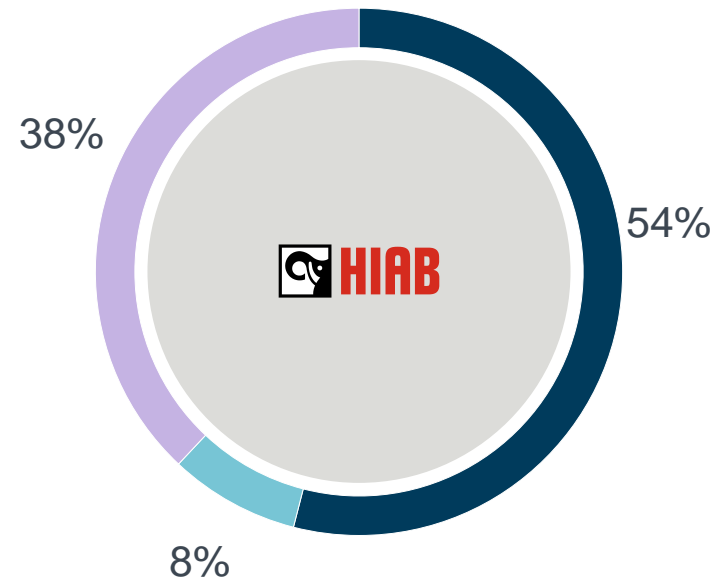




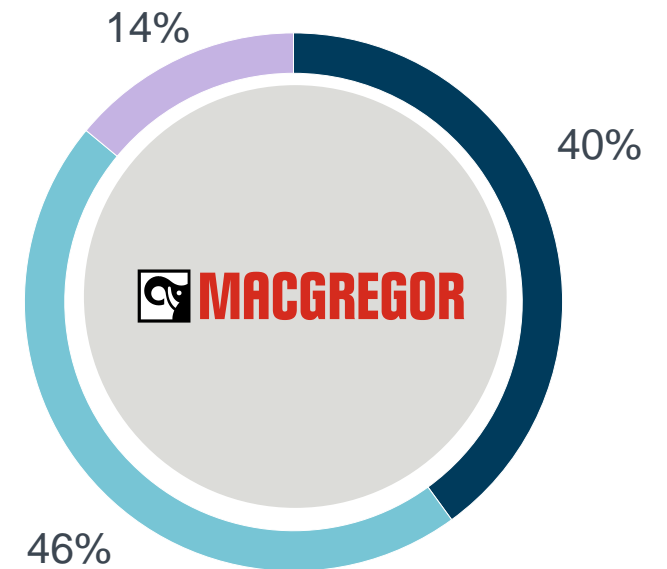
# Sales by geographical segment by business area 2019



■ EMEA ■ APAC ■ Americas



■ EMEA ■ APAC ■ Americas



■ EMEA ■ APAC ■ Americas

# Cargotec's R&D and assembly sites



## EMEA

- Arendal, Norway (MacGregor R&D)
- Argelato, Italy (Hiab/Effer)
- Averøy, Norway (Macgregor prod + R&D)
- Kristiansand, Norway (MacGregor R&D)
- Dundalk, Ireland (Hiab prod. + R&D)
- Witney, UK (Hiab prod.)
- Whitstable, UK (MacGregor prod.)
- Zaragoza, Spain (Hiab prod.)
- Uetersen, Germany (MacGregor prod. + WS + R&D)
- Schwerin, Germany (MacGregor prod.)
- Stargard Szczecinski, Poland (Kalmar + Hiab prod.)
- Bispgården, Sweden (Hiab prod.)
- Örnsköldsvik, Sweden (MacGregor WS + WH + R&D)
- Hudiksvall, Sweden (Hiab R&D)
- Kaarina, Finland (MacGregor R&D)
- Minerbio, Italy (Hiab/Effer)
- Raisio, Finland (Hiab prod.)
- Statte, Italy (Hiab/Effer)
- Tampere, Finland (Kalmar WS + R&D)
- Ljungby, Sweden (Kalmar R&D)

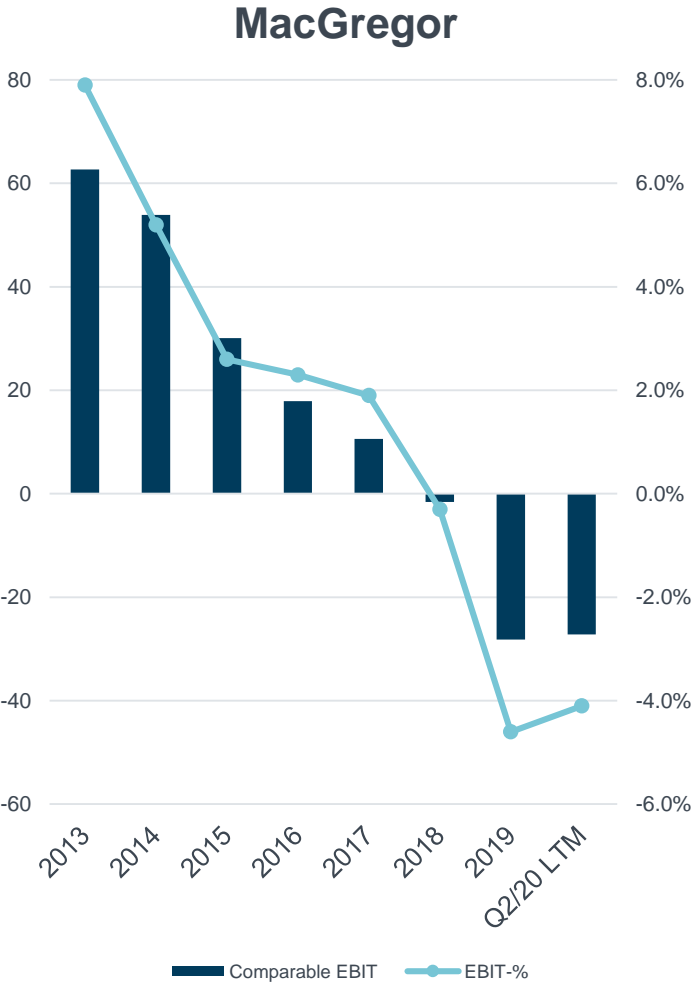
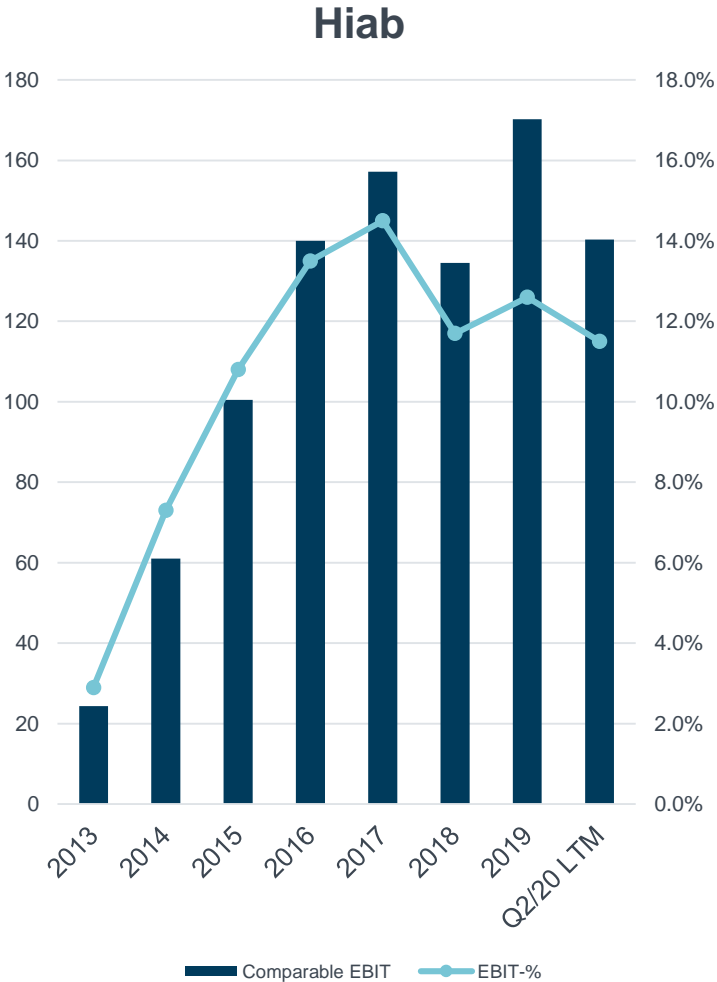
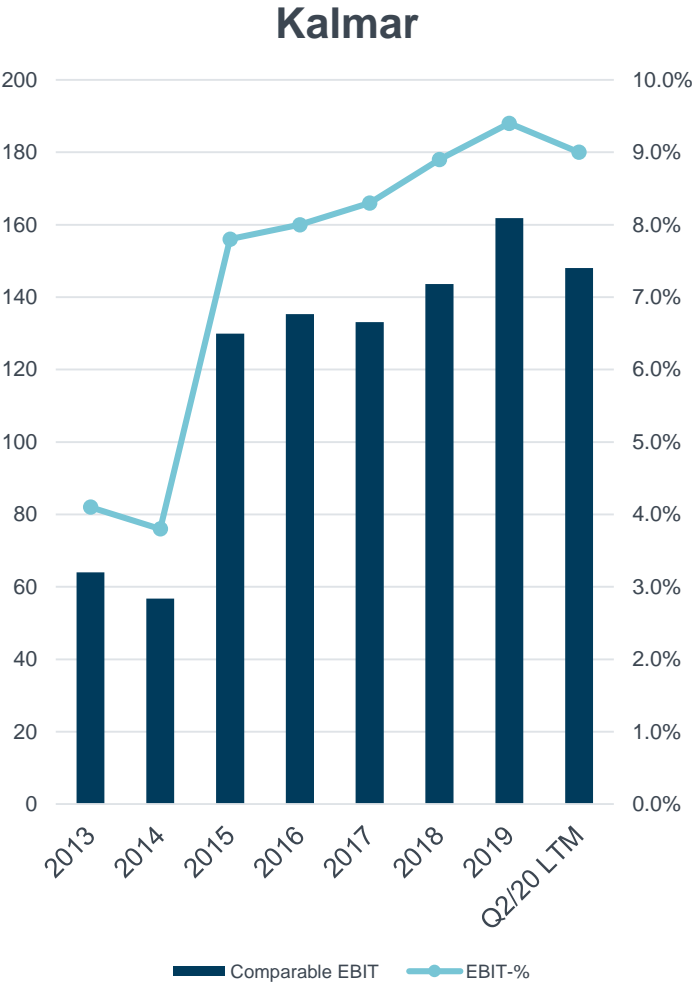
## APAC

- Chungbuk, South Korea (Hiab prod.)
- Bangalore, India (Kalmar prod. + R&D)
- Chennai, India (Navis–Kalmar R&D)
- Ipoh, Malaysia (Bromma prod.)
- Shanghai, China (Kalmar prod. + WH)
- Busan, South Korea (MacGregor prod.)
- Singapore, (R&D)

## Americas

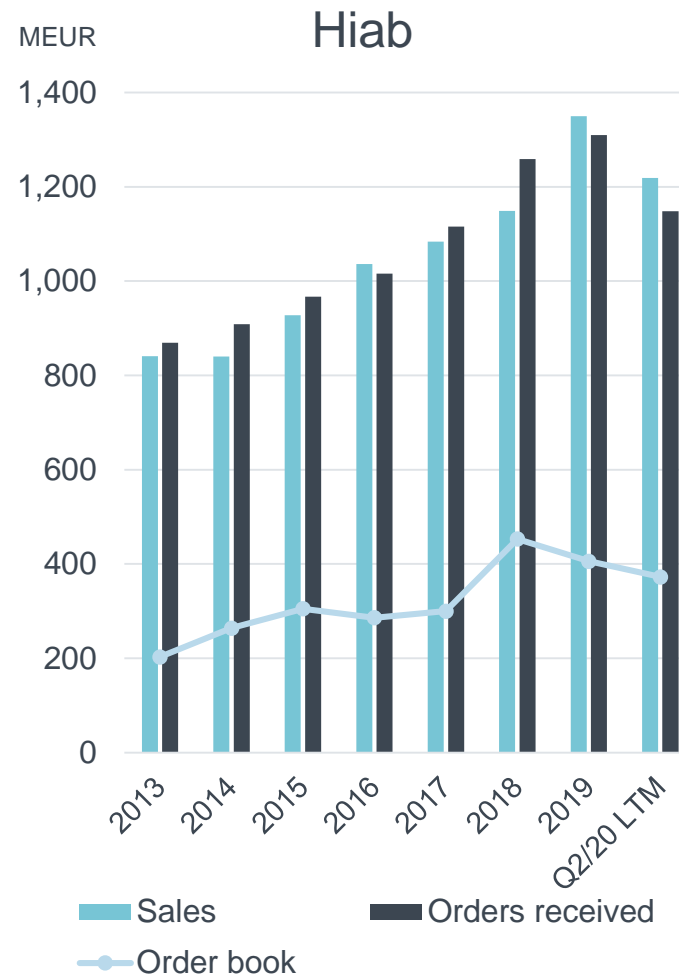
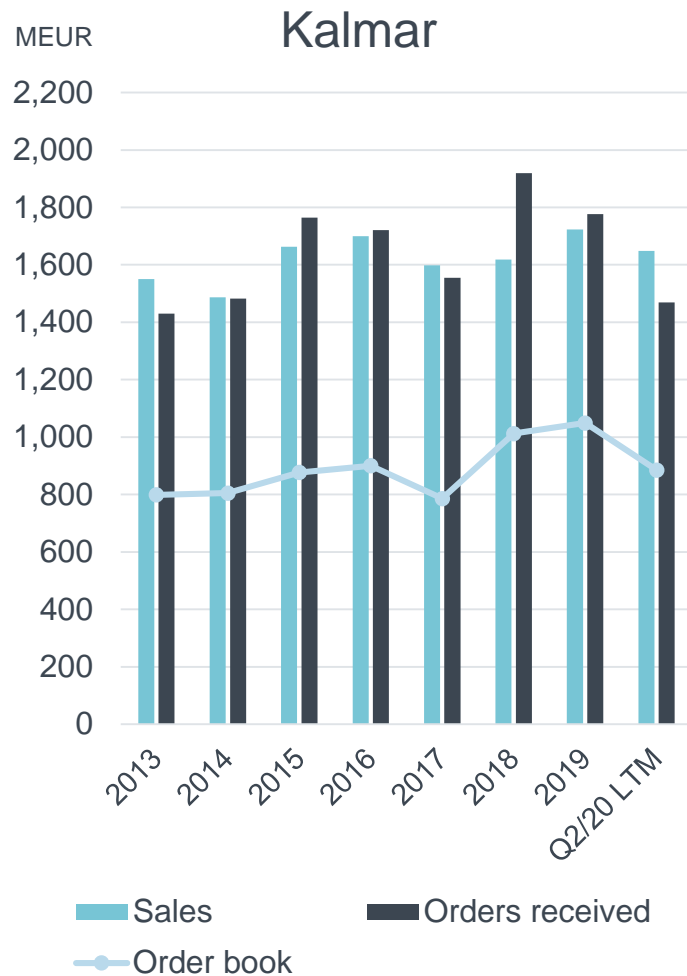
- North America
  - Ottawa, Kansas (Kalmar prod.)
  - Oakland, California (Kalmar R&D)
  - Tallmadge, Ohio (Hiab prod.)
- South America
  - Santo Antonio da Patrulha, Brazil (Hiab prod.)

# Comparable operating profit development

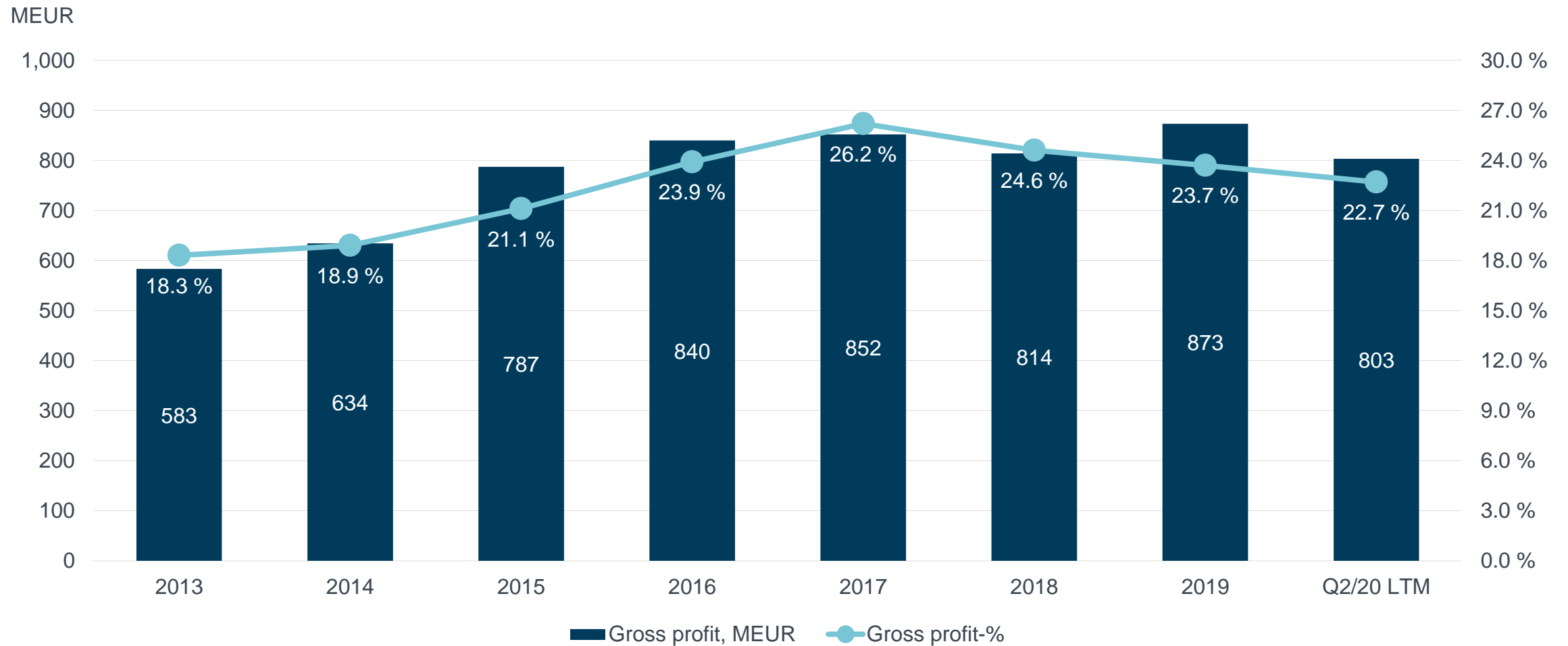




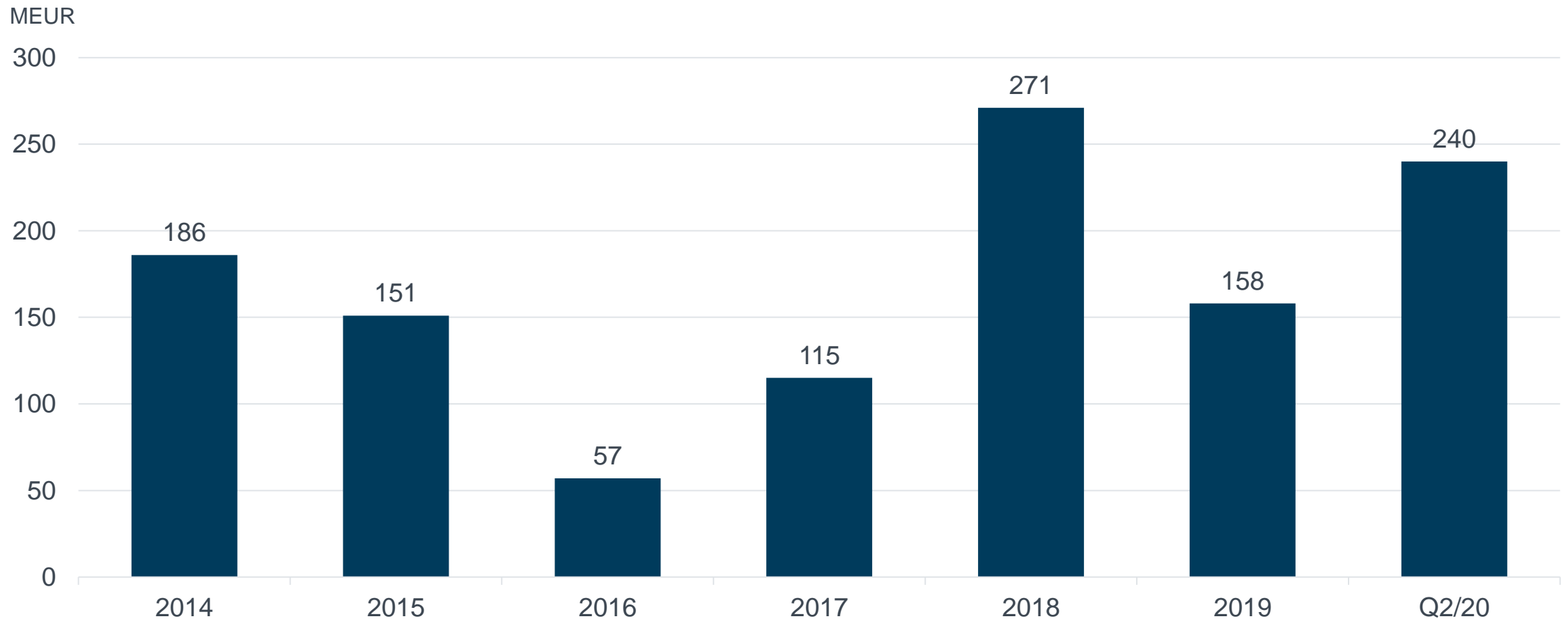
# Sales and orders received development



# Gross profit development

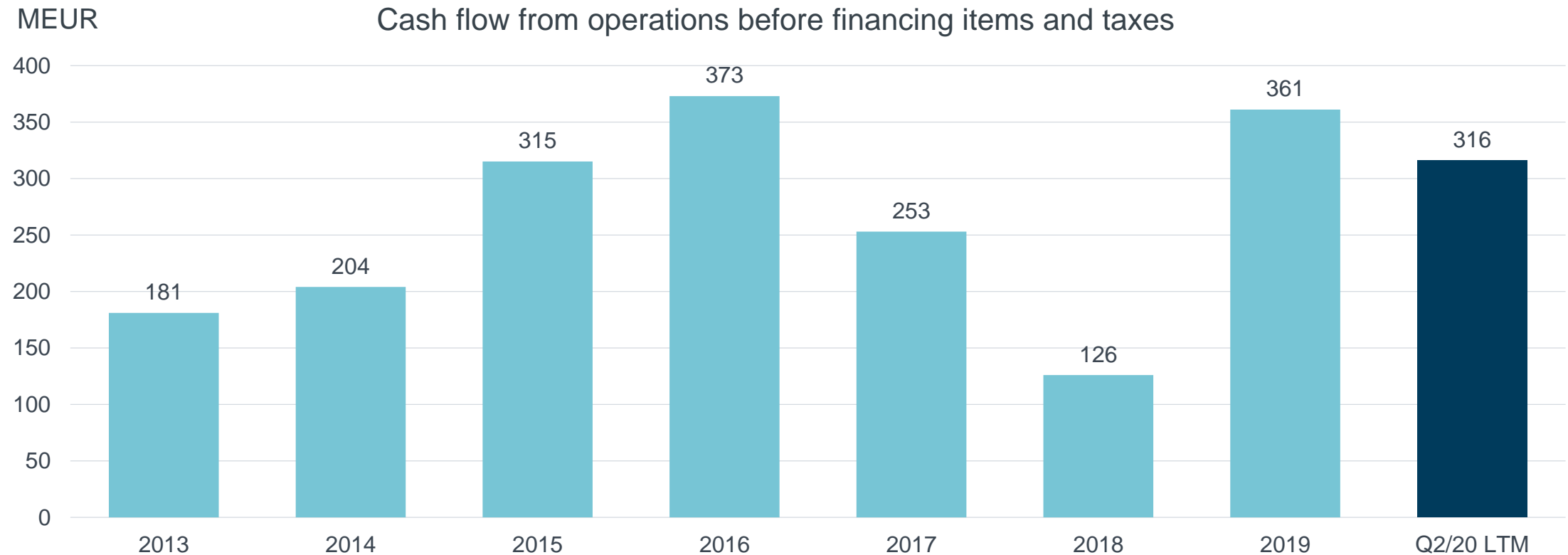


# Net working capital increased due to decrease in accounts payable and increase in inventories





# Cash flow from operations development



# Income statement Q2 2020

MEUR	Q2/20	Q2/19	Q1-Q2/20	Q1-Q2/19	2019
<b>Sales</b>	<b>755.8</b>	<b>911.4</b>	<b>1,614.0</b>	<b>1,767.3</b>	<b>3,683.4</b>
Cost of goods sold	-592.9	-694.5	-1,261.1	-1,344.1	-2,810.3
<b>Gross profit</b>	<b>162.9</b>	<b>216.9</b>	<b>353.0</b>	<b>423.2</b>	<b>873.1</b>
<i>Gross profit, %</i>	<i>21.6%</i>	<i>23.8%</i>	<i>21.9%</i>	<i>23.9%</i>	<i>23.7%</i>
Other operating income	15.9	7.6	26.4	16.4	33.5
Selling and marketing expenses	-46.2	-58.5	-103.4	-119.3	-238.4
Research and development expenses	-26.8	-26.5	-56.4	-51.5	-105.6
Administration expenses	-52.2	-67.5	-119.4	-131.4	-269.3
Restructuring costs	-72.1	-11.0	-78.5	-16.7	-80.1
Other operating expenses	-3.9	-7.8	-17.1	-15.6	-33.8
Costs and expenses	-185.3	-163.6	-348.5	-318.1	-693.7
Share of associated companies' and joint ventures' net income	2.9	-0.2	2.4	-1.1	0.6
<b>Operating profit</b>	<b>-19.5</b>	<b>53.0</b>	<b>7.0</b>	<b>104.1</b>	<b>180.0</b>
<i>Operating profit, %</i>	<i>-2.6%</i>	<i>5.8%</i>	<i>0.4%</i>	<i>5.9%</i>	<i>4.9%</i>
Financing income and expenses	-8.5	-8.2	-15.3	-16.4	-34.1
<b>Income before taxes</b>	<b>-28.1</b>	<b>44.9</b>	<b>-8.4</b>	<b>87.7</b>	<b>145.9</b>
<i>Income before taxes, %</i>	<i>-3.7%</i>	<i>4.9%</i>	<i>-0.5%</i>	<i>5.0%</i>	<i>4.0%</i>
Income taxes	-8.4	-15.9	-16.8	-27.7	-56.5
<b>Net income for the period</b>	<b>-36.5</b>	<b>29.0</b>	<b>-25.1</b>	<b>60.0</b>	<b>89.4</b>
<i>Net income for the period, %</i>	<i>-4.8%</i>	<i>3.2%</i>	<i>-1.6%</i>	<i>3.4%</i>	<i>2.4%</i>

## Net income for the period attributable to:

Equity holders of the parent	-36.3	29.0	-25.0	59.9	89.4
Non-controlling interest	-0.1	0.0	-0.2	0.1	0.0
<b>Total</b>	<b>-36.5</b>	<b>29.0</b>	<b>-25.1</b>	<b>60.0</b>	<b>89.4</b>

## Earnings per share for profit attributable to the equity holders of the parent:

Earnings per share, EUR	-0.56	0.45	-0.39	0.93	1.39
Diluted earnings per share, EUR	-0.56	0.45	-0.39	0.93	1.39

# Balance sheet 30 June 2020

ASSETS, MEUR	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>Non-current assets</b>			
Goodwill	1,036.7	994.7	1,058.5
Other intangible assets	276.3	257.2	296.1
Property, plant and equipment	454.6	465.7	489.7
Investments in associated companies and joint ventures	53.7	100.4	120.8
Share investments	30.0	0.3	0.3
Loans receivable and other interest-bearing assets*	27.2	34.8	29.1
Deferred tax assets	128.1	137.7	131.2
Derivative assets	0.0	-	-
Other non-interest-bearing assets	13.3	8.0	10.3
<b>Total non-current assets</b>	<b>2,019.9</b>	<b>1,998.7</b>	<b>2,136.0</b>
<b>Current assets</b>			
Inventories	763.8	752.1	713.0
Loans receivable and other interest-bearing assets*	1.5	1.4	1.3
Income tax receivables	22.3	39.5	24.1
Derivative assets	7.9	10.2	8.5
Accounts receivable and other non-interest-bearing assets	782.7	888.7	924.3
Cash and cash equivalents*	445.3	156.0	420.2
<b>Total current assets</b>	<b>2,023.6</b>	<b>1,847.8</b>	<b>2,091.4</b>
<b>Total assets</b>	<b>4,043.5</b>	<b>3,846.5</b>	<b>4,227.4</b>

EQUITY AND LIABILITIES, MEUR	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>Equity attributable to the equity holders of the parent</b>			
Share capital	64.3	64.3	64.3
Share premium account	98.0	98.0	98.0
Translation differences	-70.3	-32.8	-33.2
Fair value reserves	-8.8	-9.1	-9.1
Reserve for invested non-restricted equity	57.4	57.4	57.4
Retained earnings	1,182.7	1,228.1	1,247.1
<b>Total equity attributable to the equity holders of the parent</b>	<b>1,323.3</b>	<b>1,406.0</b>	<b>1,424.5</b>
Non-controlling interest	2.5	2.8	2.8
<b>Total equity</b>	<b>1,325.8</b>	<b>1,408.8</b>	<b>1,427.3</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities*	1,155.4	724.5	953.3
Deferred tax liabilities	37.0	26.9	39.1
Pension obligations	110.4	92.2	110.4
Provisions	5.9	8.0	7.0
Derivative liabilities	0.3	-	-
Other non-interest-bearing liabilities	61.0	62.6	66.0
<b>Total non-current liabilities</b>	<b>1,370.0</b>	<b>914.2</b>	<b>1,175.8</b>
<b>Current liabilities</b>			
Current portion of interest-bearing liabilities*	71.0	230.4	233.0
Other interest-bearing liabilities*	93.9	113.2	38.1
Provisions	105.9	87.3	114.3
Advances received	283.0	216.4	306.3
Income tax payables	23.8	13.8	21.1
Derivative liabilities	9.0	5.9	11.8
Accounts payable and other non-interest-bearing liabilities	761.1	856.6	899.8
<b>Total current liabilities</b>	<b>1,347.7</b>	<b>1,523.5</b>	<b>1,624.3</b>
<b>Total equity and liabilities</b>	<b>4,043.5</b>	<b>3,846.5</b>	<b>4,227.4</b>

\*Included in interest-bearing net debt.



# Cash flow statement Q2 2020

MEUR	Q1- Q2/20	Q1- Q2/19	2019
<b>Net cash flow from operating activities</b>			
Net income for the period	-25.1	60.0	89.4
Depreciation, amortisation and impairment	74.8	58.1	133.8
Other adjustments	61.8	44.7	87.4
Change in net working capital	-85.1	-90.4	50.4
<b>Cash flow from operations before financing items and taxes</b>	<b>26.4</b>	<b>72.3</b>	<b>361.1</b>
Cash flow from financing items and taxes	-30.2	-56.0	-57.6
<b>Net cash flow from operating activities</b>	<b>-3.8</b>	<b>16.3</b>	<b>303.5</b>

<b>Net cash flow from investing activities</b>			
Acquisitions of businesses, net of cash acquired	-11.6	-3.9	-109.5
Disposals of businesses, net of cash sold	1.4	-	0.3
Cash flow from investing activities, other items	-10.2	-24.4	-41.4
<b>Net cash flow from investing activities</b>	<b>-20.4</b>	<b>-28.3</b>	<b>-150.6</b>

<b>Net cash flow from financing activities</b>			
Treasury shares acquired	-	-2.2	-2.2
Repayments of lease liabilities	-22.0	-20.7	-45.5
Proceeds from long-term borrowings	249.5	50.0	298.1
Repayments of long-term borrowings	-198.6	-151.8	-168.3
Proceeds from short-term borrowings	82.0	115.0	271.6
Repayments of short-term borrowings	-30.7	-40.0	-257.8
Profit distribution	-35.2	-35.6	-71.0
<b>Net cash flow from financing activities</b>	<b>45.2</b>	<b>-85.3</b>	<b>24.9</b>

<b>Change in cash and cash equivalents</b>	<b>20.9</b>	<b>-97.3</b>	<b>177.8</b>
--	-------------	--------------	--------------

Cash and cash equivalents, and bank overdrafts at the beginning of period	409.8	225.5	225.5
Effect of exchange rate changes	-1.8	3.3	6.6
<b>Cash and cash equivalents, and bank overdrafts at the end of period</b>	<b>429.0</b>	<b>131.4</b>	<b>409.8</b>

Bank overdrafts at the end of period	16.4	24.5	10.4
<b>Cash and cash equivalents at the end of period</b>	<b>445.3</b>	<b>156.0</b>	<b>420.2</b>



# Sustainability as a driver for future growth



# Climate solutions is our focus area in sustainability

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

**8** DECENT WORK AND  
ECONOMIC GROWTH



**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



**16** PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



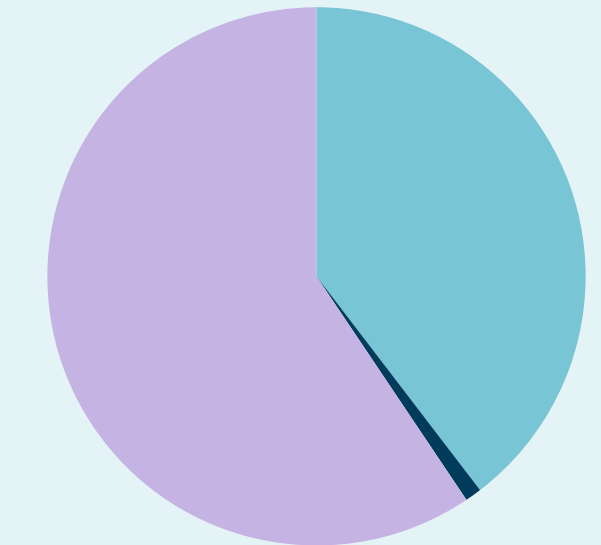
**17** PARTNERSHIPS  
FOR THE GOALS



**13** CLIMATE  
ACTION



## Greenhouse gas emissions\*



- Sourcing
- Cargotec's own operations
- Use of sold products\*



# LIFETIME SAVINGS OF KALMAR'S ELECTRIC TERMINAL TRACTOR

179

CARS OFF  
THE ROAD FOR A YEAR



-389

TONS CO<sub>2</sub>





# 1.5

Let's reduce CO<sub>2</sub> emissions at least 50 percent by 2030.  
This is critical for limiting global warming to 1.5 degrees.



# Sustainability is a great business opportunity

**We serve** an industry, which produces the majority of emissions as well as GDP in the world

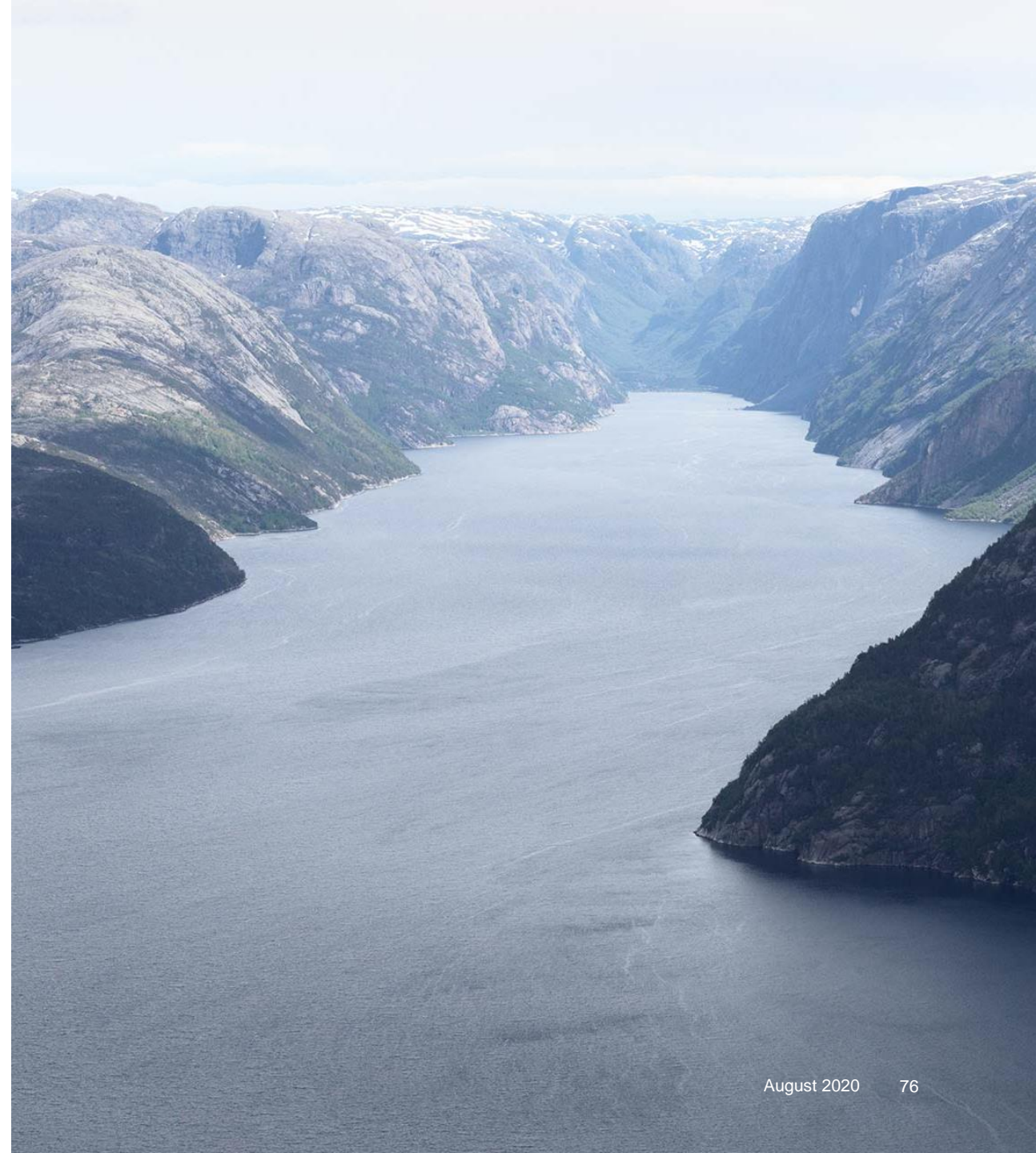
- Inefficient industry with potential to improve

**Our vision** to be the leader in intelligent cargo handling also drives sustainability

- Increasing efficiency and life-time solutions

**We are** in a position to be the global frontrunner, setting the sustainability standards for the whole industry

- We are ready to shape the industry to one that is more sustainable







# Sea Freight Transport is by far the most sustainable transport mode in terms of emissions

Compared to transportation of goods

→ by trains, sea freight emits  
~2-3 times less emissions

→ by trucks, sea freight emits  
~3-4 times less emissions

→ by air cargo, sea freight emits  
~14 times less emissions



# Mitigating climate change with low carbon solutions for customers is a great opportunity for us

Offering for eco-efficiency product group sales account for 21% of the total revenue in 2019

## Systems efficiency



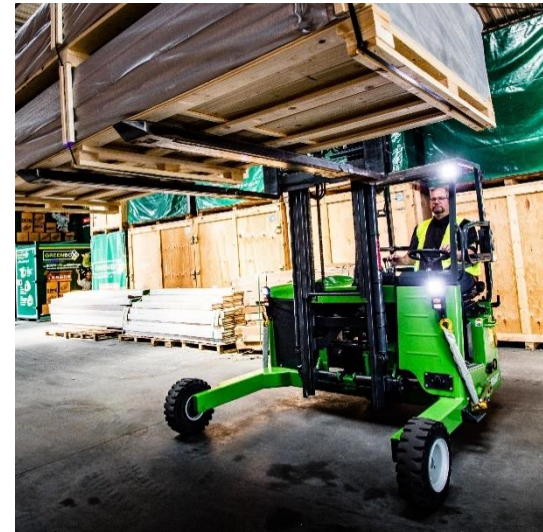
- Visibility to identify inefficient use of resources and fuel
- Software and design system

## Efficiency for environmental industries



- Offering to support the operations in environmental industries
- Cargotec solutions for environmental industries

## Emission efficiency



- Technology to enable fuel and emission efficient offering
- Products with features to decrease fuel usage and avoidance of maritime hydraulic oil emissions

## Resource efficiency



- Service enabling the extended usage of products or new applications
- Product conversions and modernisations

# Performance highlights 2019

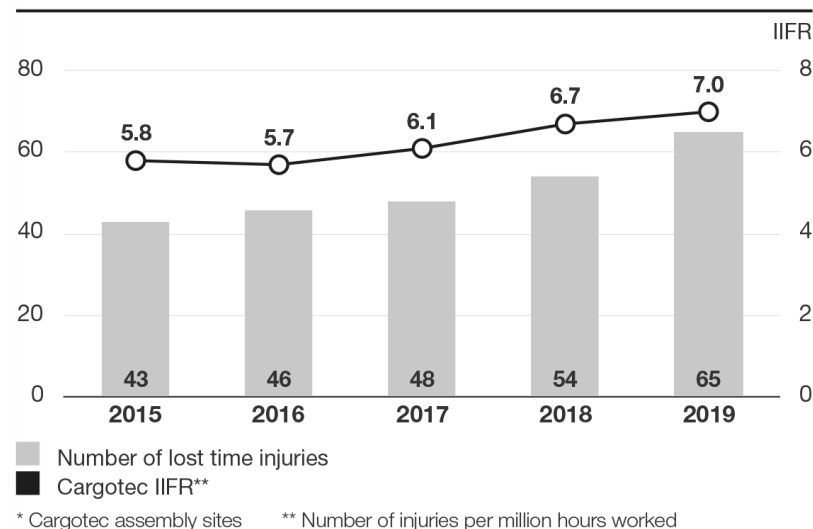
Code of Conduct panel and case investigation process in place

All new direct material suppliers have been audited against Cargotec Supplier Criteria

93 percent of the strategic suppliers were invited to the sustainability self-assessment tool process

89 percent of direct sourcing spend covered by Supplier Code of Conduct

INDUSTRIAL INJURY FREQUENCY RATE\*

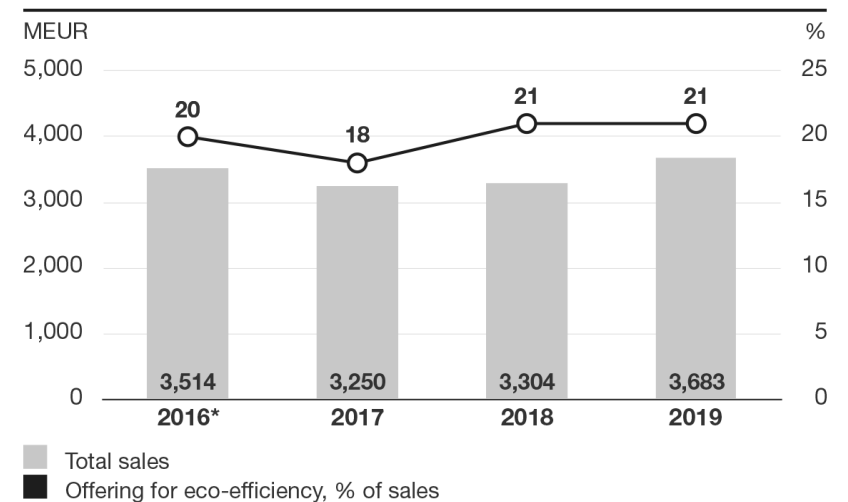


33% of our electricity use from certified renewable sources

Offering for eco-efficiency 21% of total sales

Strategy formulation for managing climate-related risks and opportunities initiated

OFFERING FOR ECO-EFFICIENCY

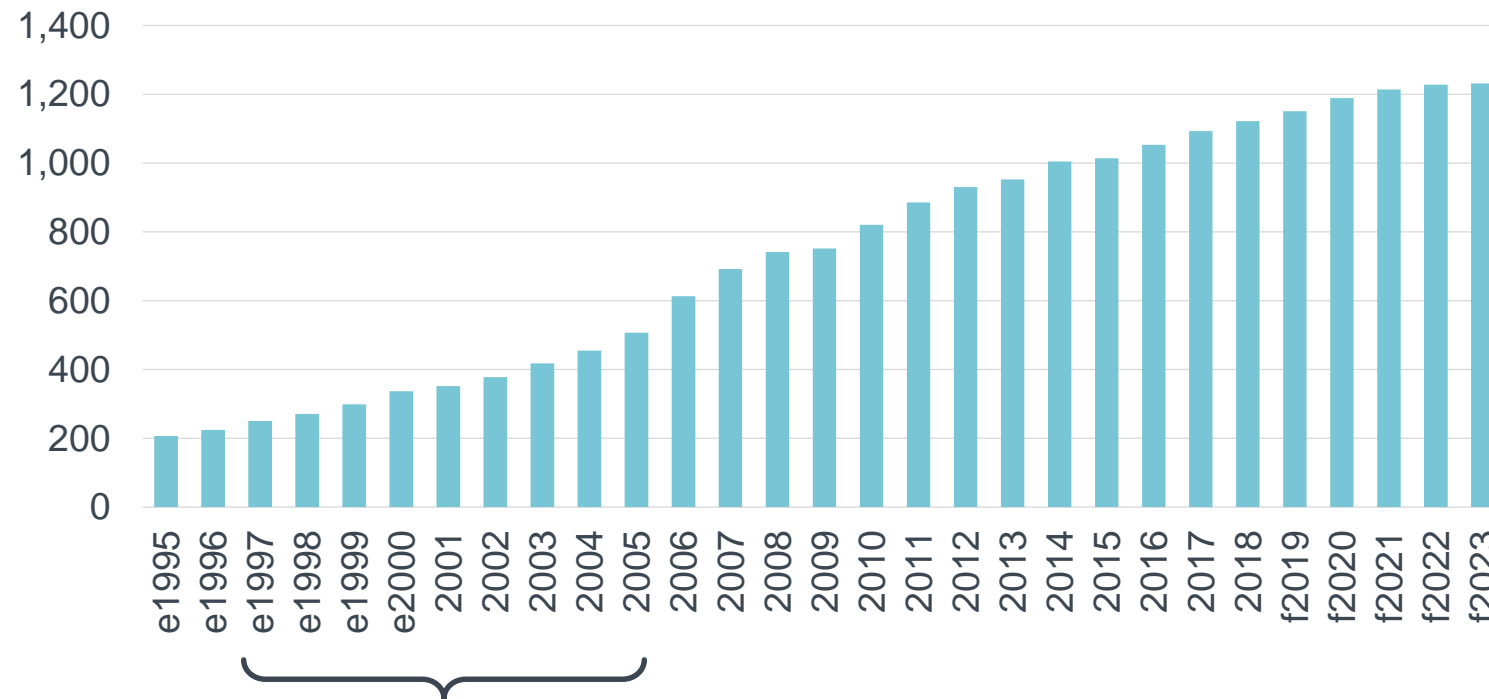




# Kalmar appendix

# The current replacement market size for key terminal equipment is EUR 1 billion annually and the market is expected to double in the next decade

## Total Capacity MTEU



Replacement after lifetime of equipment

The replacement market will grow in coming years, as the container terminal capacity has expanded significantly during the last two decades.

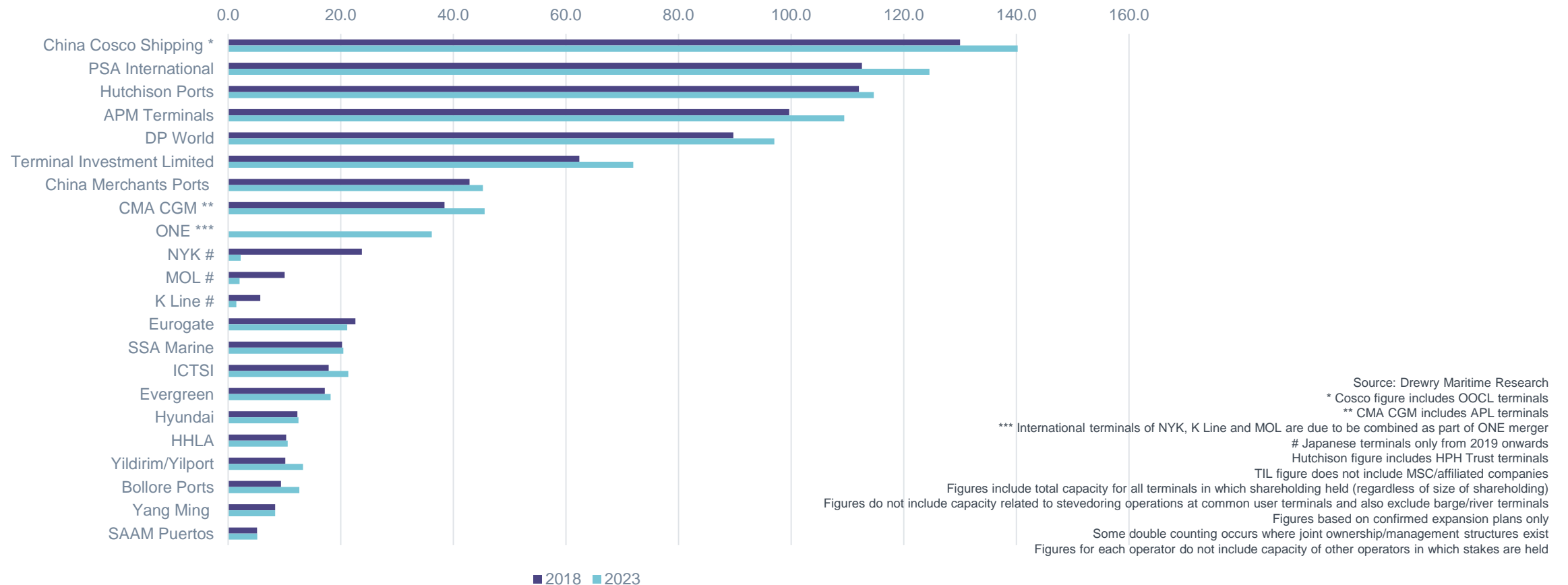
### Average lifetime of type of equipment:

- STS - 25 yrs
- RTG -15 yrs
- SC - 8-10 yrs
- RS/ECH/TT – 8 yrs

Source: Drewry reports: Global Container Terminal Operators 2001-2016 Note: 1995-2000 capacity is estimation based on the assumption that the utilisation rate has been between 70-72% in that period. 2019-2023 forecast based on Drewry's Global container terminal operators report, published in Q4/2019

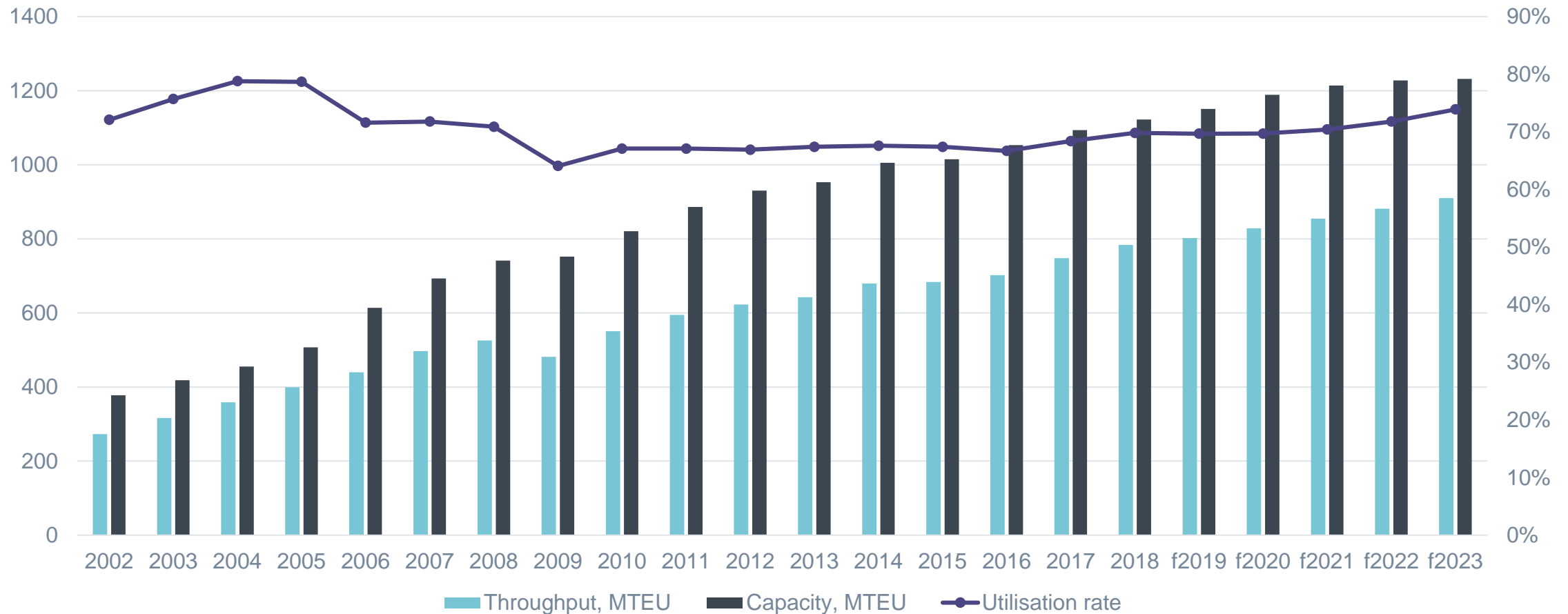
# Global container terminal operators – Most capacity expected to be added by Cosco

Global/international terminal operators' capacity development, 2018-2023 (MTEU)

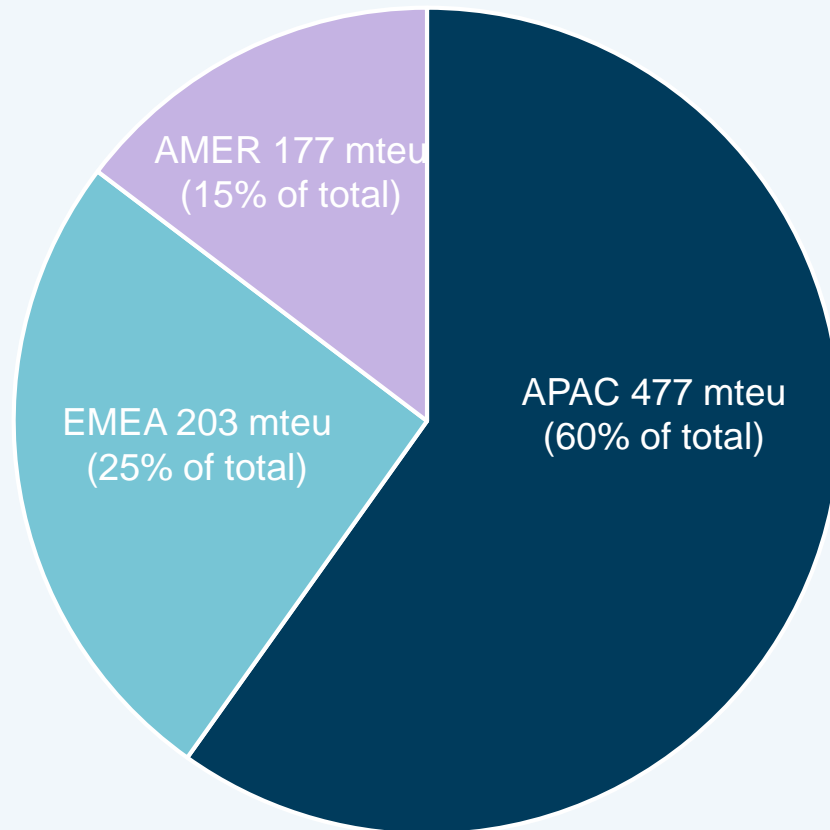




# Global container throughput and capacity development



# 60% of global container throughput is expected to take place in APAC in 2020



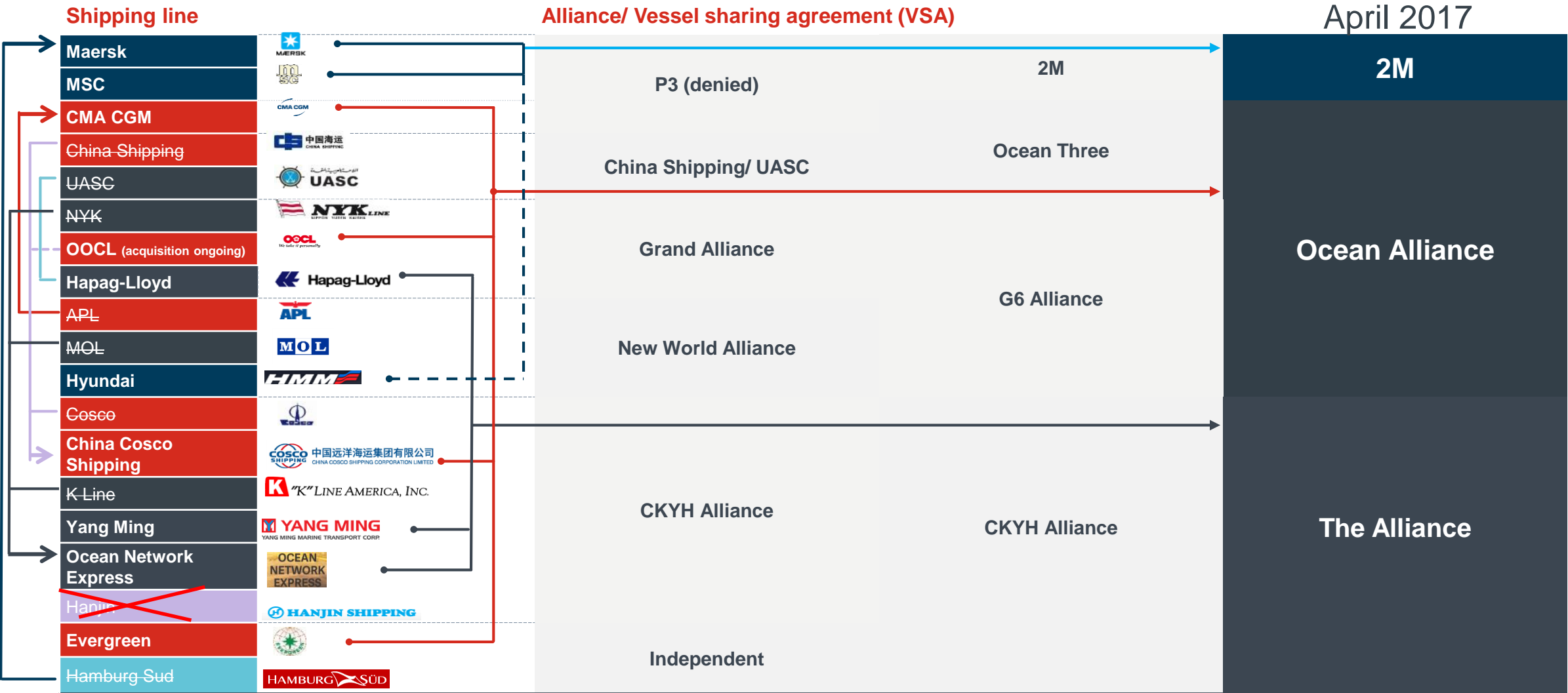
Source: Drewry container forecaster Q4 2019

Global container throughput expected to decrease 0.5% in 2020

- APAC -0.2% (-1 mteu)
- EMEA -1.3% (-3 mteu)
- AMER -0.3% (-0 mteu)

→ Drewry states that its scenario is not a "worst-case" COVID-19 scenario and that a more significant decrease is possible

# Three alliances controlling about 80% of global container fleet capacity



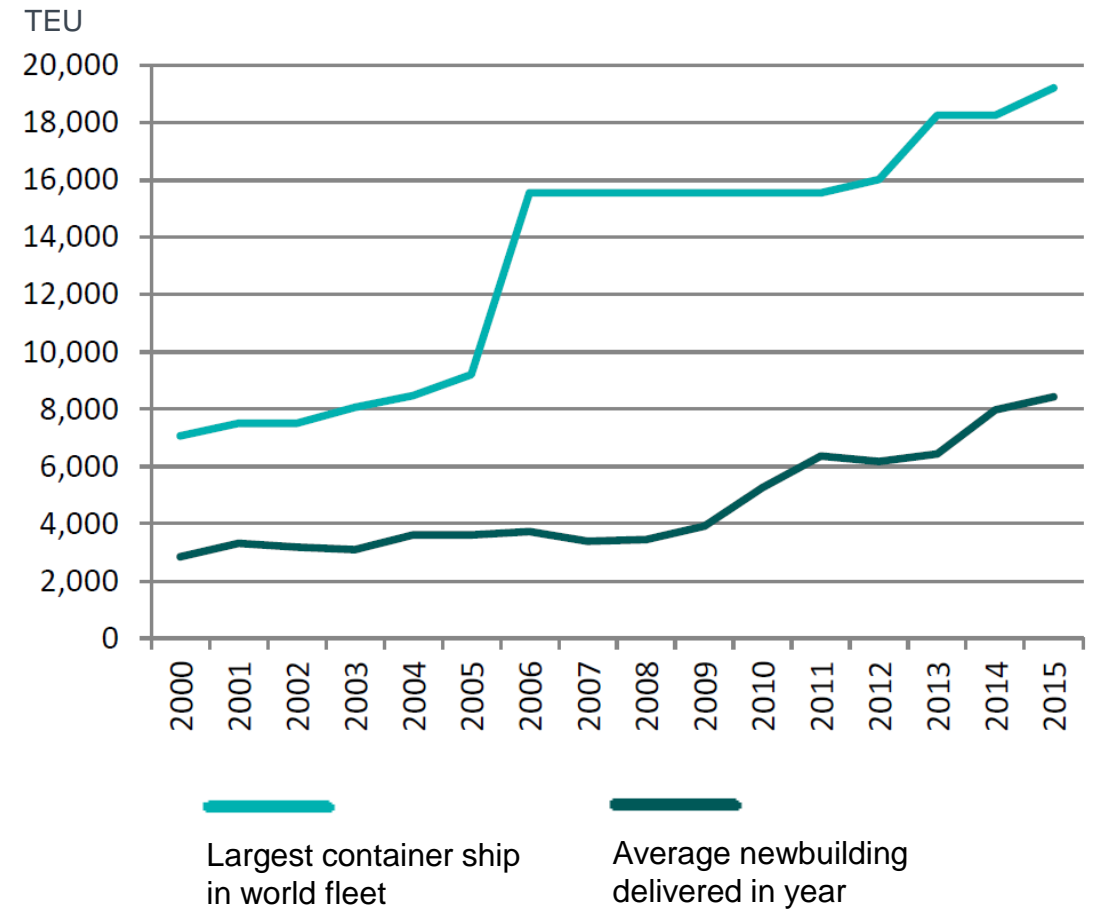
Total: 17  
(9 after further  
consolidations)

- The arrows indicate changes, confirmed or planned, through M&A or JV over the last 18 months. Hanjin bankrupt. Hyundai isn't currently officially part of any alliance, but formed a cooperative relationship with 2M.
- Ocean Network Express (ONE) launch April 2018.
- COSCO Shipping's planned acquisition of OOCL expected to be completed by the end of June
- Analyse excludes Zim, PIL and Wan Hai



# Ship sizes increasing dramatically

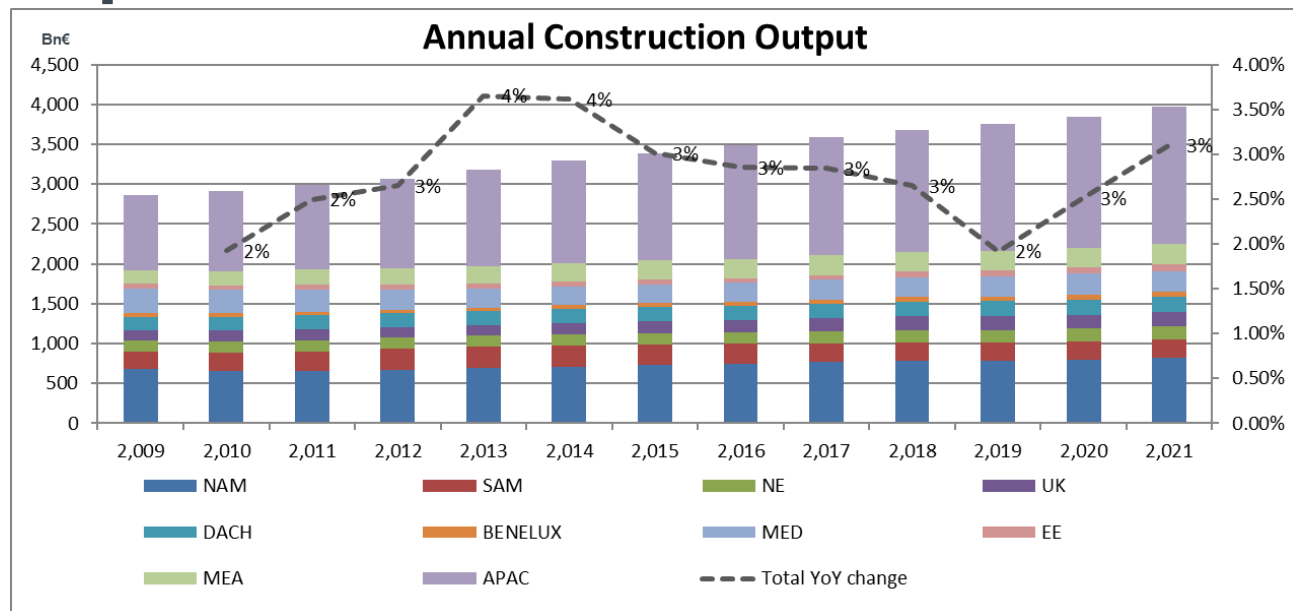
- The largest container ship in the fleet has nearly tripled since 2000
- The average size of new builds doubles between 2009 and 2014



Source: Drewry November 2015

# Hiab appendix

# Construction output forecast



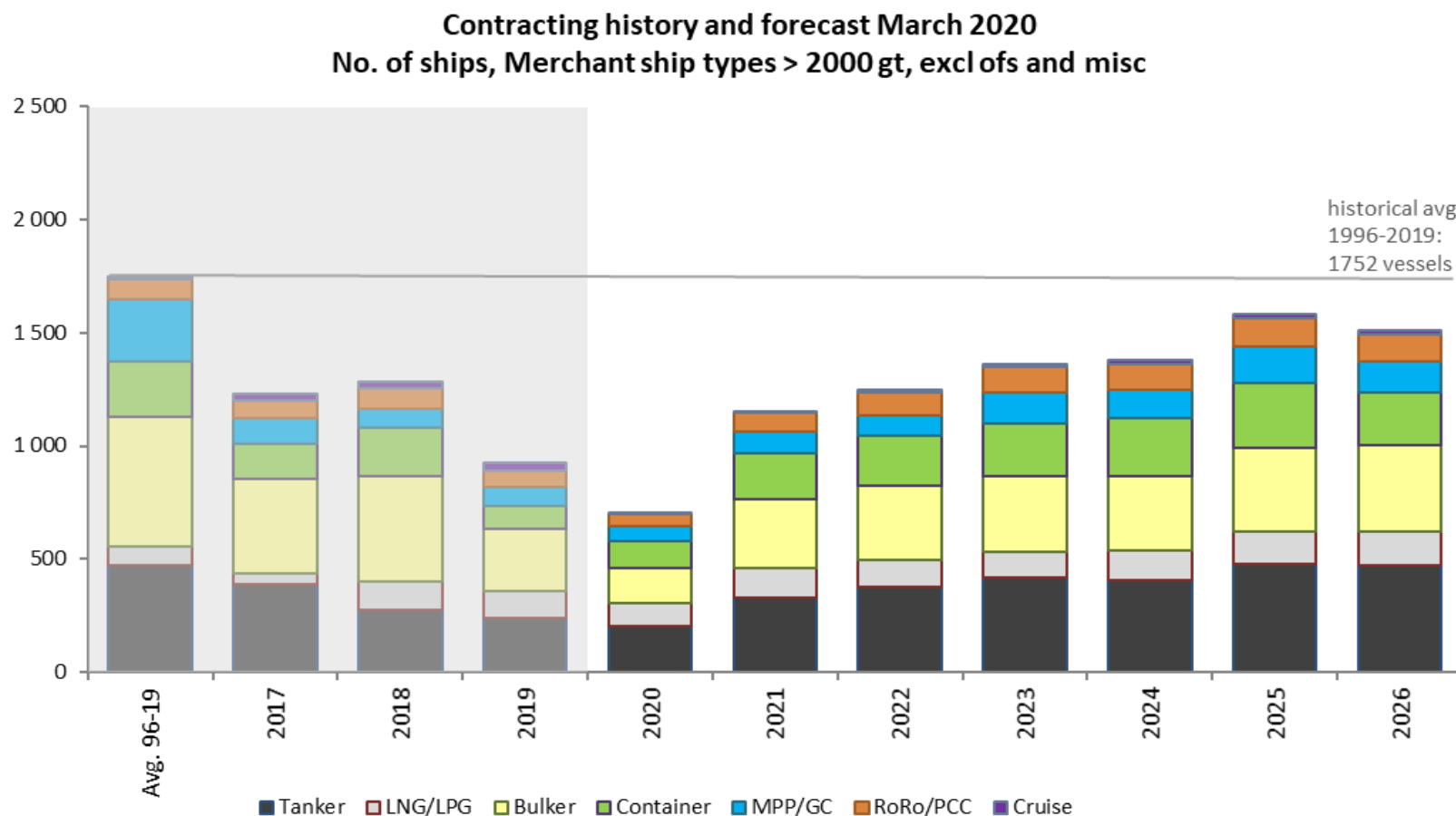
Percentage point change vs last forecast						YoY changes					
	2017	2018	2019	2020	2021		2017	2018	2019	2020	2021
NAM	1.2%	-0.5%	-0.8%	-0.3%	-0.2%	NAM	2.6%	2.0%	-0.1%	2.2%	2.1%
SAM	0.3%	0.4%	-1.2%	-1.8%	-1.0%	SAM	-3.3%	-1.4%	-2.1%	0.9%	2.4%
NE	-0.2%	-0.3%	-1.6%	-0.1%	-0.1%	NE	2.5%	5.1%	1.4%	1.9%	1.8%
UK	-0.7%	-0.7%	-0.2%	-1.3%	-0.3%	UK	6.7%	0.1%	2.0%	0.4%	1.4%
DACH	-1.9%	0.5%	0.5%	-0.6%	-0.2%	DACH	1.0%	3.3%	2.7%	0.9%	1.1%
BENELUX	2.0%	1.2%	-0.8%	-0.6%	-0.1%	BENELUX	5.1%	6.3%	4.4%	0.9%	1.3%
MED	-0.4%	-0.9%	0.6%	-0.6%	-0.1%	MED	2.9%	2.1%	2.9%	1.7%	2.0%
EE	0.1%	-1.3%	2.4%	-0.1%	-0.1%	EE	4.7%	10.6%	6.7%	3.0%	2.9%
MEA	0.3%	-0.2%	0.0%	-0.2%	-0.2%	MEA	2.1%	-2.1%	-0.1%	2.7%	3.7%
APAC	0.0%	0.0%	-1.1%	-0.3%	0.3%	APAC	3.8%	4.1%	3.4%	3.6%	4.4%
Total	0.2%	-0.2%	-0.7%	-0.5%	0.0%	Total	2.8%	2.7%	1.9%	2.5%	3.1%



# MacGregor appendix

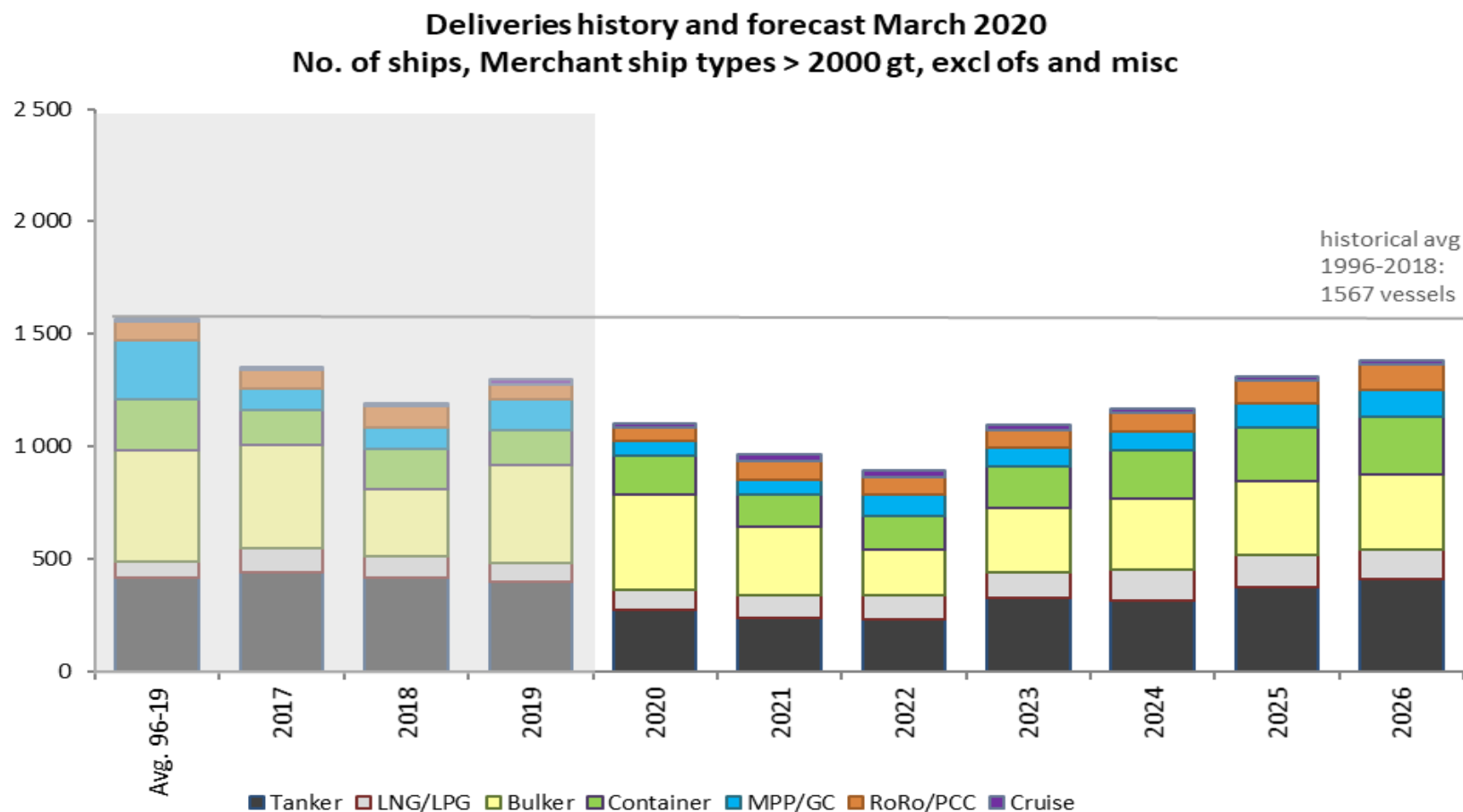
# Merchant ships: Contracting forecast by shiptype (no of ships)

Merchant ship types > 2000 gt excl offshore and misc, base case



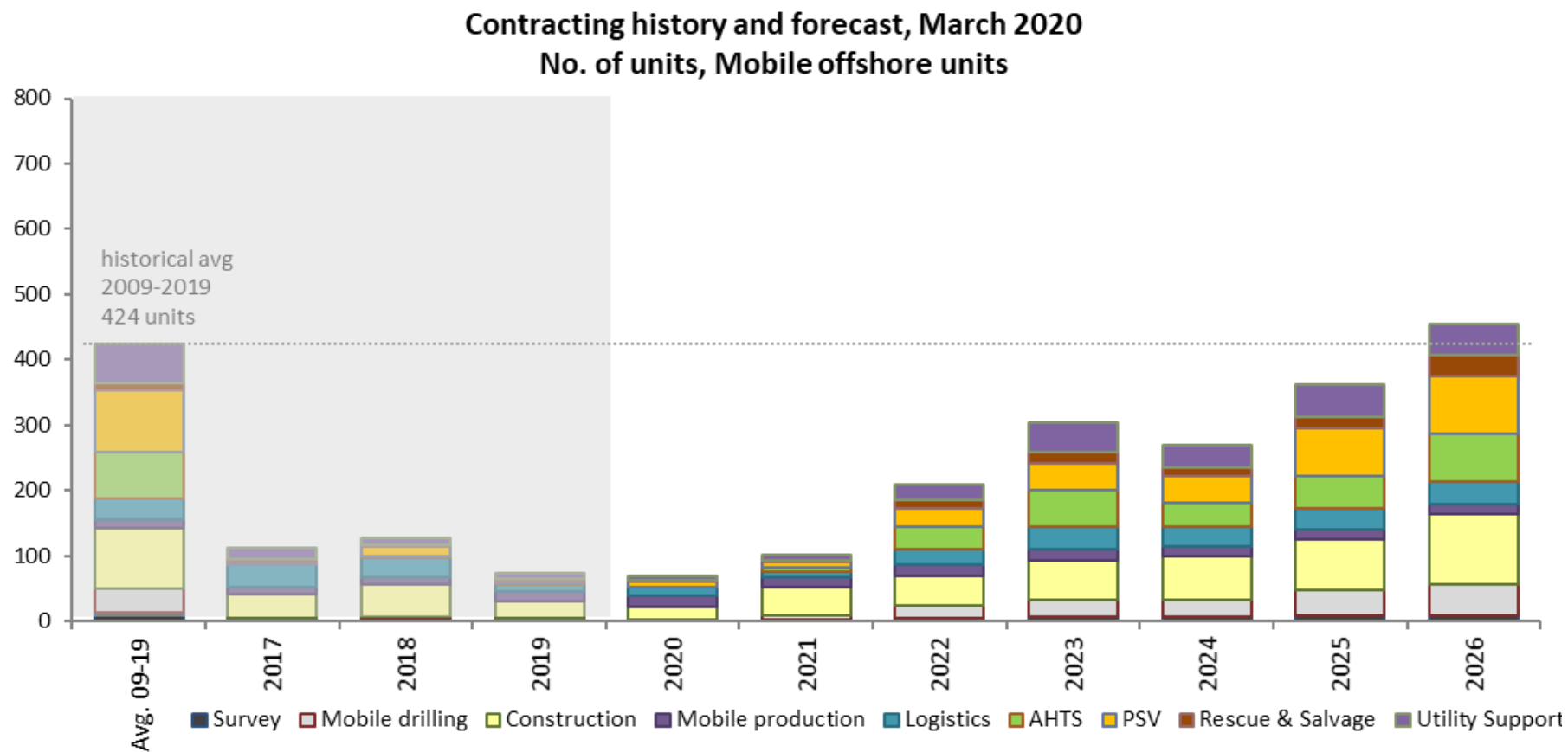
# Merchant ships: Deliveries forecast by shiptype (no of ships)

Merchant ship types > 2000 gt excl offshore and misc, base case

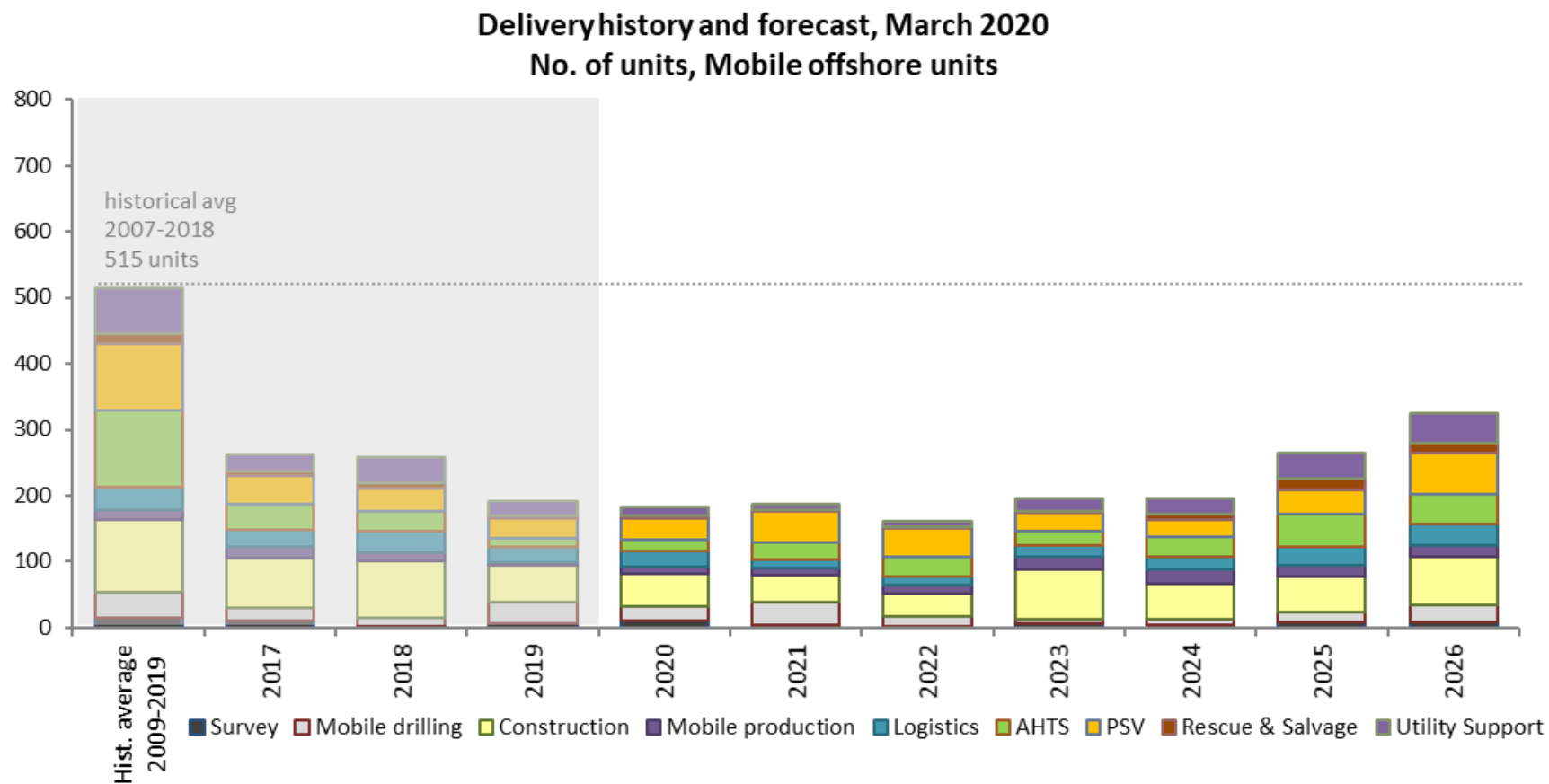




# Offshore mobile units: Contracting forecast by shiptype (number of units)



# Offshore mobile units: Deliveries forecast by shiptype (number of units)



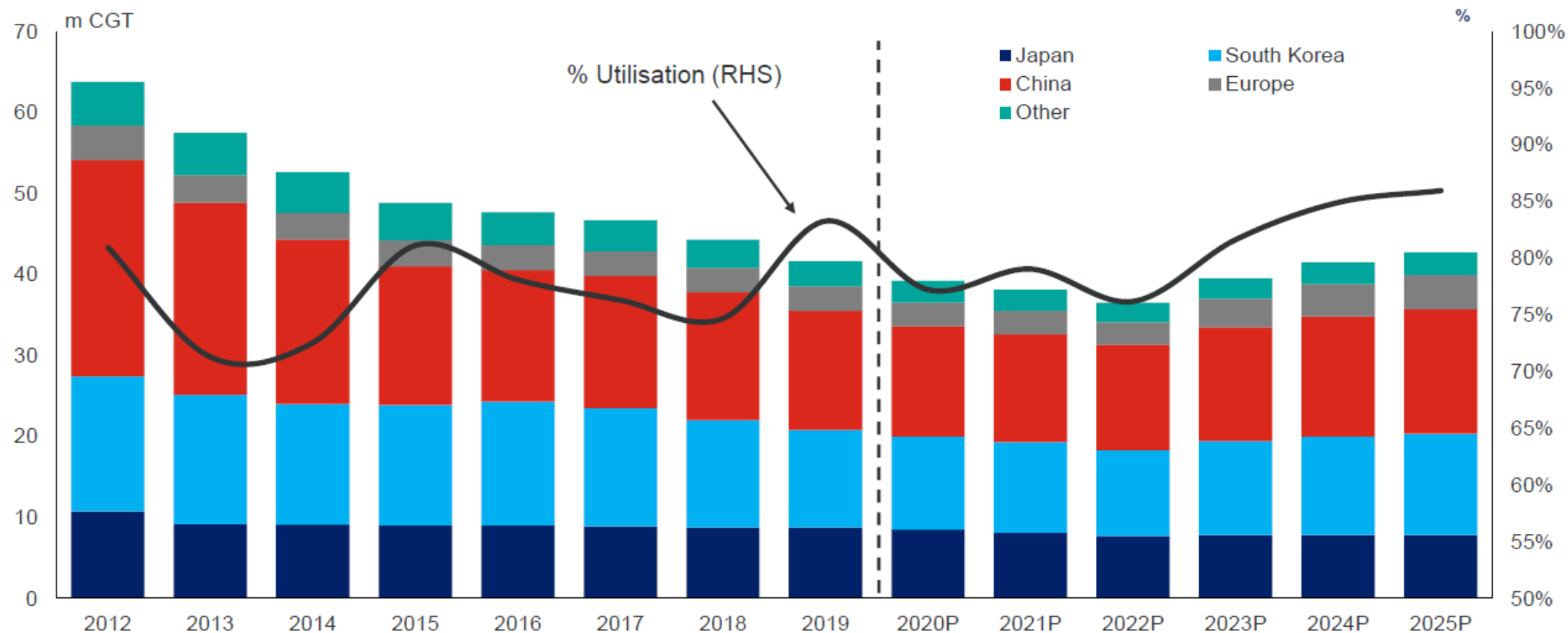
# Shipbuilding – contracting ships >2000 gt/dwt

Global Contracting Activity (1st January 2020)												
	No.				\$bn				m. CGT			
	2017	2018	2019	%y-o-y*	2017	2018	2019	%y-o-y*	2017	2018	2019	%y-o-y*
<b>TOTAL (&gt;2,000 Dwt/GT**)</b>	<b>1,290</b>	<b>1,358</b>	<b>899</b>	<b>-34%</b>	<b>71.5</b>	<b>79.1</b>	<b>74.0</b>	<b>-7%</b>	<b>29.8</b>	<b>35.0</b>	<b>25.7</b>	<b>-27%</b>
<b>Vessel Type</b>												
Bulkers	423	467	252	-46%	12.4	14.2	8.2	-42%	9.1	9.7	5.2	-46%
Tankers	381	270	215	-20%	15.4	12.3	10.3	-16%	8.6	6.4	5.2	-18%
Containerships	154	216	97	-55%	6.1	11.2	6.5	-42%	4.0	6.2	3.4	-46%
Gas Carriers	48	126	118	-6%	4.3	15.3	14.1	-8%	1.8	6.8	5.7	-16%
Offshore	47	62	33	-47%	8.5	5.2	8.2	56%	0.8	1.1	1.1	0%
Others	237	217	184	-15%	24.9	20.9	26.7	27%	5.4	4.8	5.1	5%
<b>Builder Country/Region</b>												
China	611	526	370	-30%	20.0	20.8	20.2	-3%	12.2	10.6	8.5	-19%
South Korea	204	292	215	-26%	18.0	27.8	22.5	-19%	7.9	13.4	9.6	-28%
Japan	218	389	190	-51%	6.2	12.4	6.3	-49%	3.6	7.3	3.5	-53%
Europe	106	99	87	-12%	23.3	16.5	23.6	43%	4.1	2.9	3.5	22%
Other	151	52	37	-29%	4.1	1.7	1.4	-17%	2.0	0.8	0.5	-33%



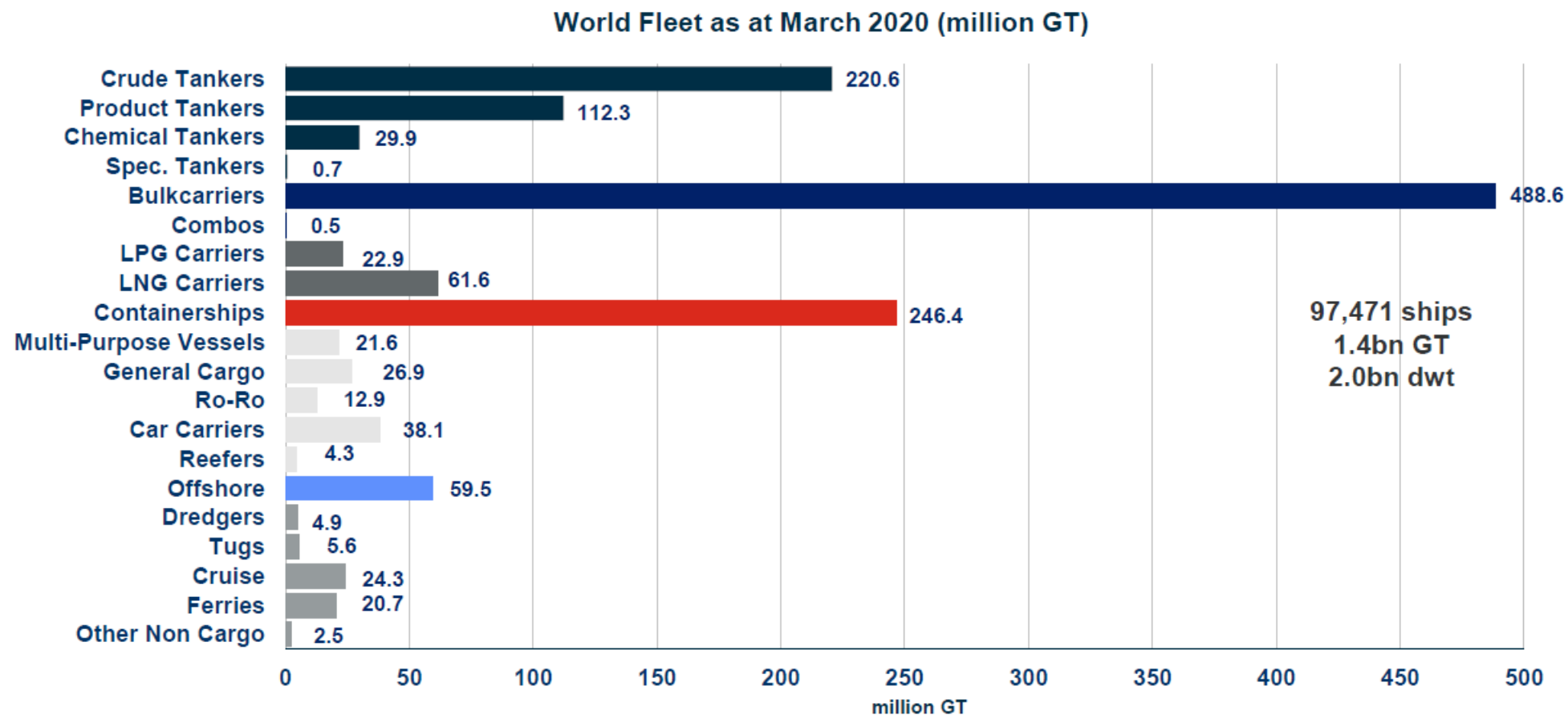
# Shipbuilding capacity and utilisation scenario

Capacity projected to reach low at end 2022



# Shipping – The world fleet

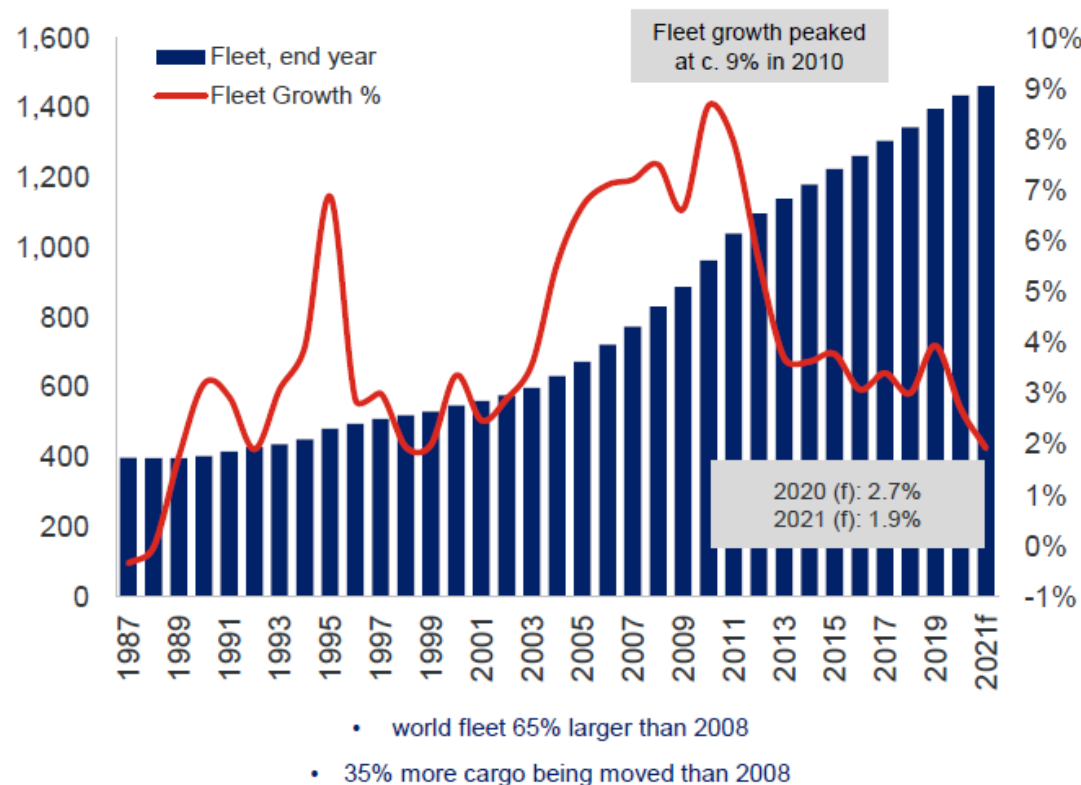
World fleet comprises currently roughly 97,000 ships



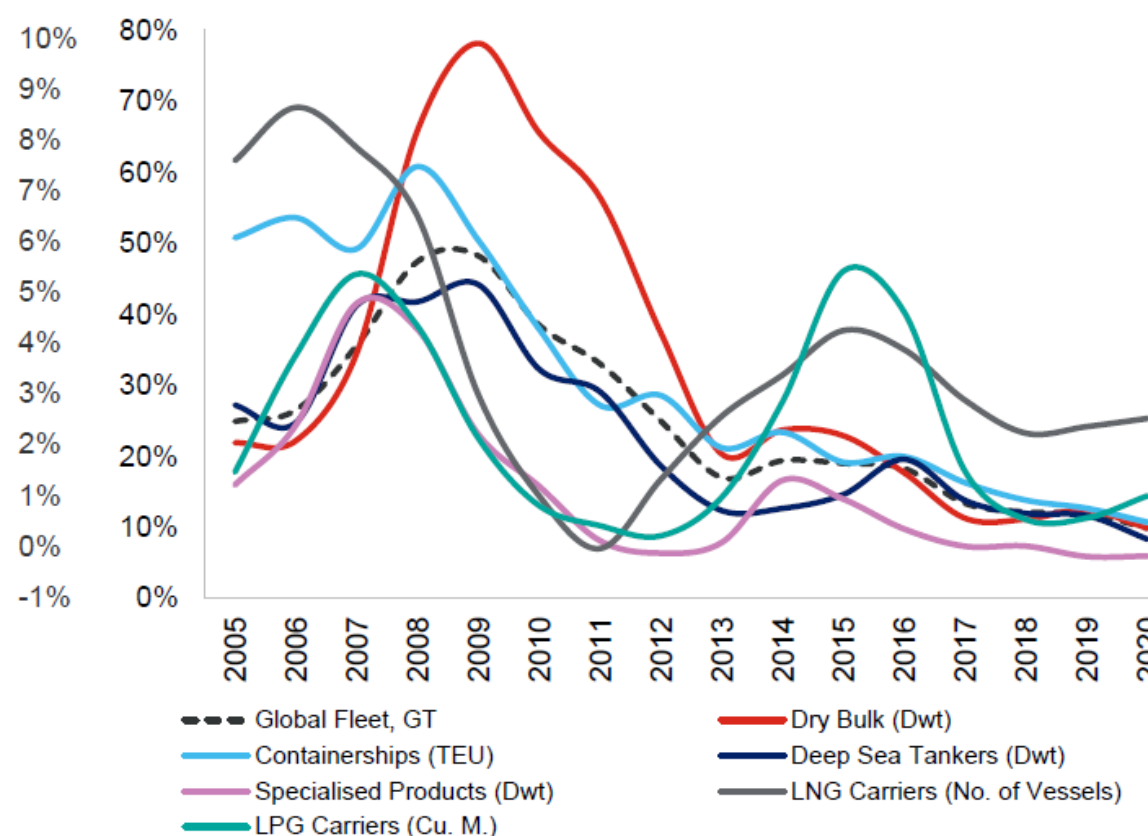
# World fleet and order book development

World fleet growth slowing; orderbook at historically low level at ~10% of the sailing fleet

## Development of World Fleet, million GT

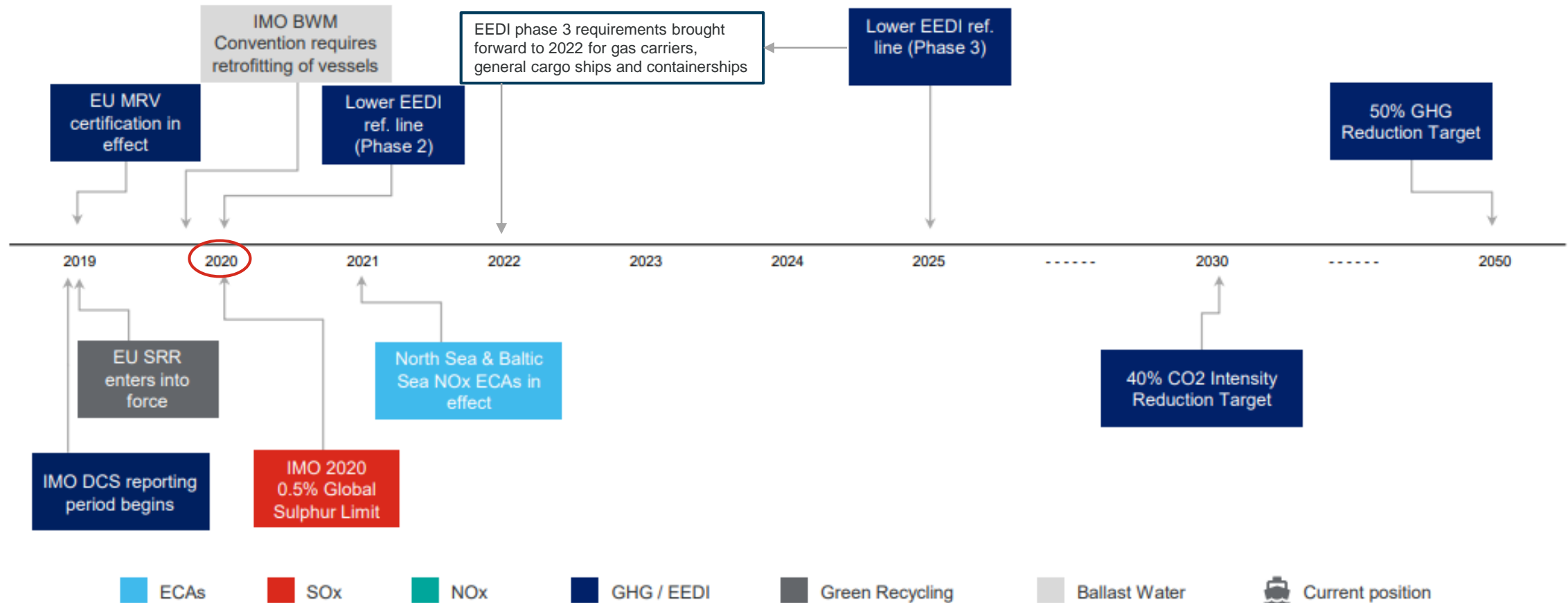


## Orderbook as % of fleet – lowest for 20 years



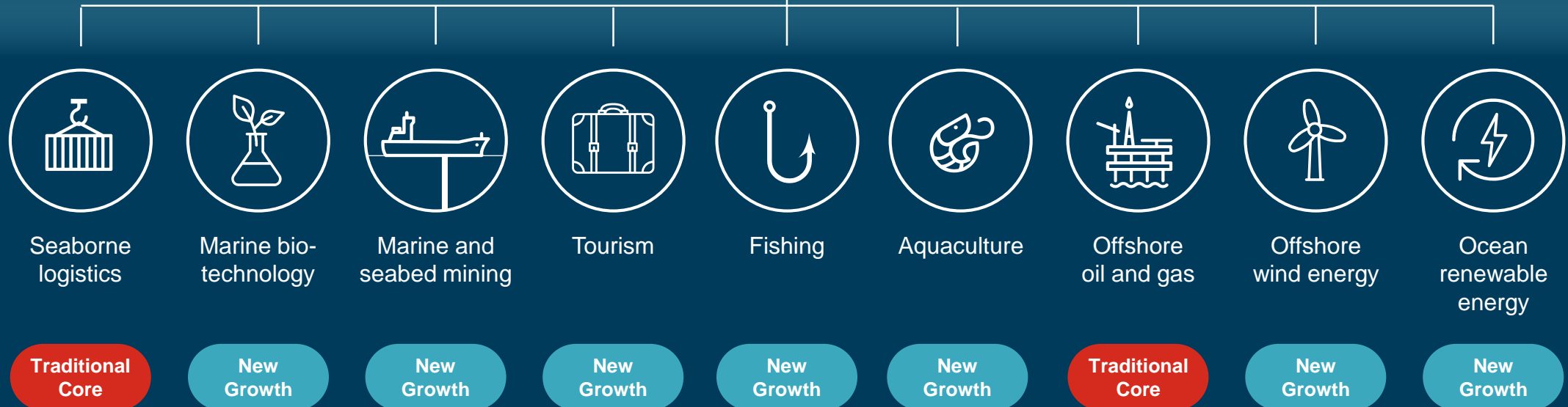
# Environmental regulation continues to accelerate

Shipping decarbonisation high on the agenda





# Blue Growth, aquaculture and offshore wind energy offer us new interesting growth opportunities



# Disclaimer

Although forward-looking statements contained in this presentation are based upon what management of the company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. These statements are not guarantees of future performance and undue reliance should not be placed on them. The company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.

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