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- COVID-19 situation
- Business areas
- Financials and outlook
- Strategic progress in Q2
- 1.5°C climate ambition





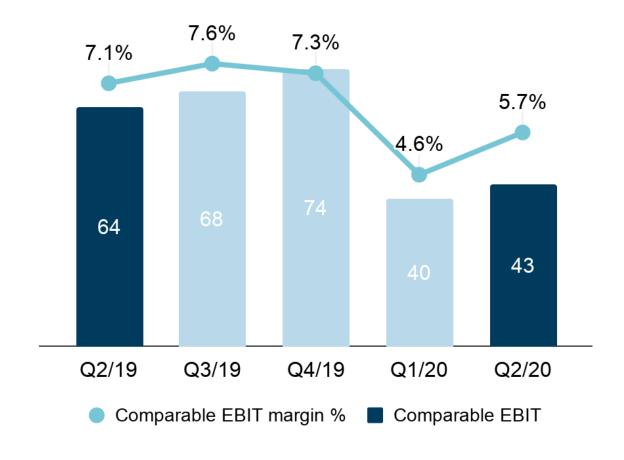
# Highlights of Q2 2020 – Strong Covid-19 impact in early Q2, gradual improvement throughout the quarter

**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

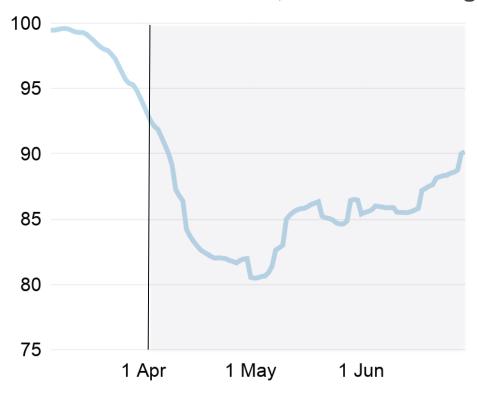
- All assembly units back in operation by June
- Component supply normalising
- Some delays in delivery schedules, limited access for specialists





## 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>

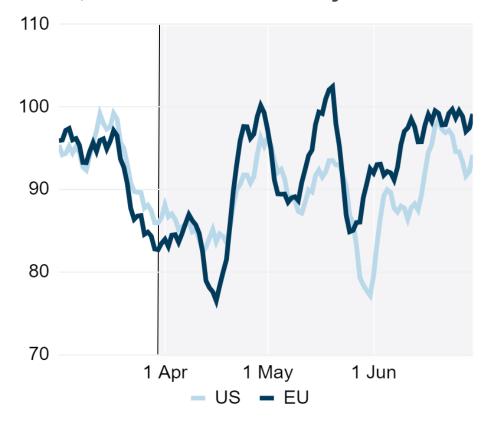


<sup>1</sup>Global running hours of Kalmar Mobile Solutions' connected

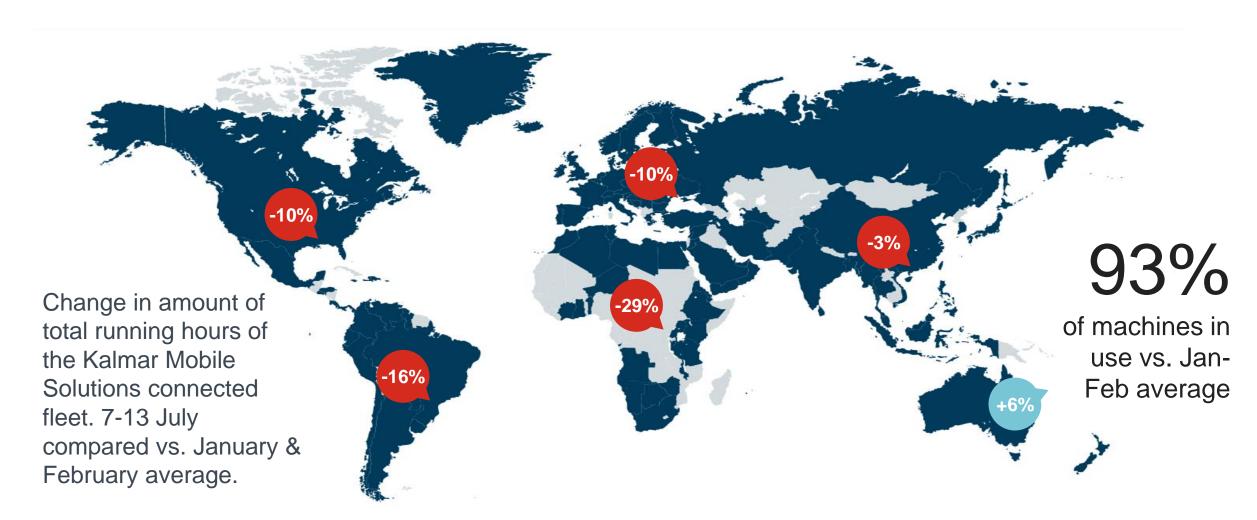
equipment. 28 day indexed average comparison with February 2020 average.

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

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



### Gradual improvement in equipment running hours





#### **Market environment**

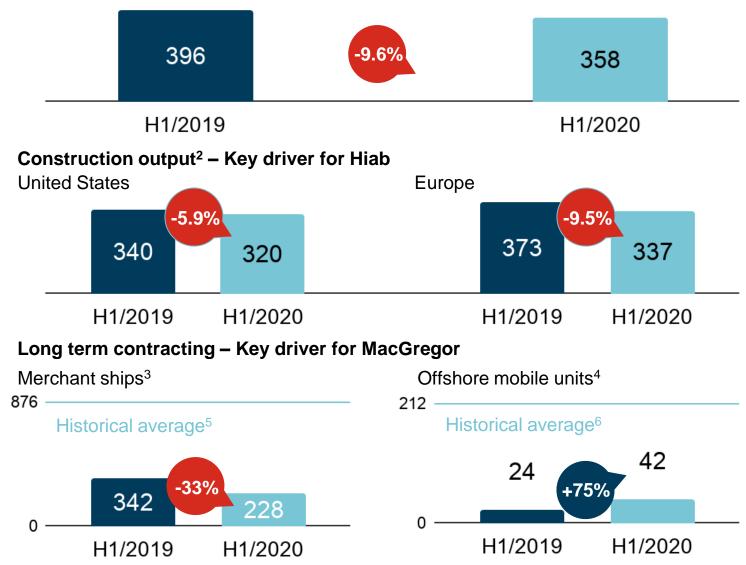
## Number of containers handled at ports declined

 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

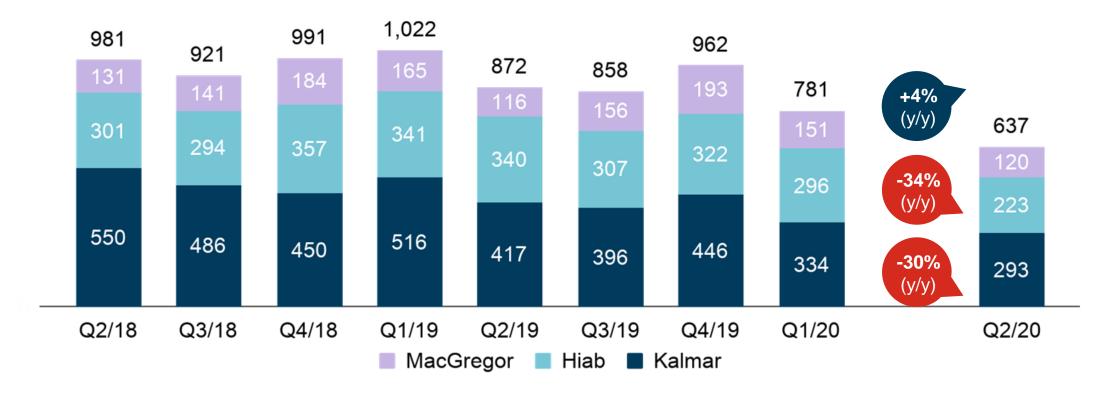




- Source: Drewry
- Source: Oxford Economics
- > 2,000 dwt/gt (excl. ofs & misc) Source: Clarkson Research
- Source: Clarkson Research
- 5) Indicative 1996-2019 average
- 6) Indicative 2009-2019 average

#### Orders expected to have reached bottom in Q2

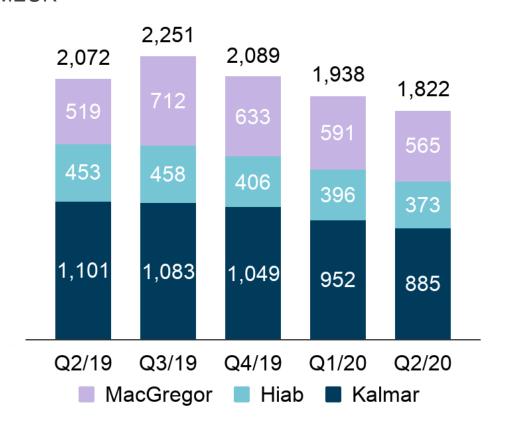
#### **MEUR**



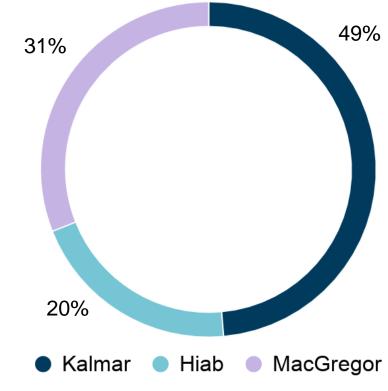


#### Order book on a good level in all business areas





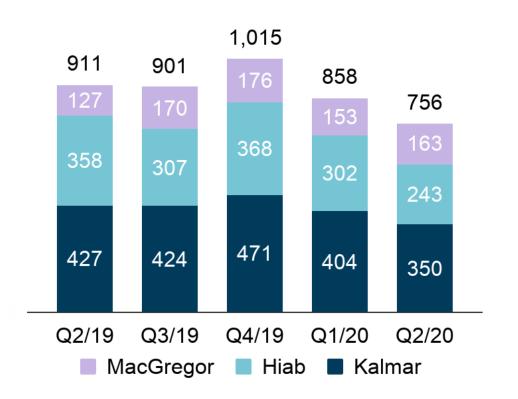
# Order book by reporting segment, Q2 2020



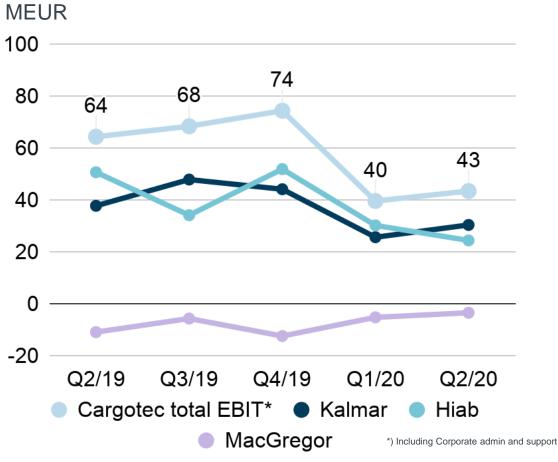


### Sales decreased, gradual recovery during the quarter





#### Comparable operating profit

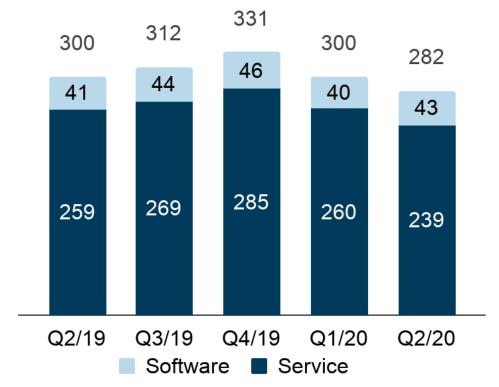




#### Software sales increased, Services resilient

#### 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	293	417	-30%
Order book	885	1,101	-20%
Sales	350	427	-18%
Comparable operating profit	30	38	-20%
Comparable operating profit margin	8.6%	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%

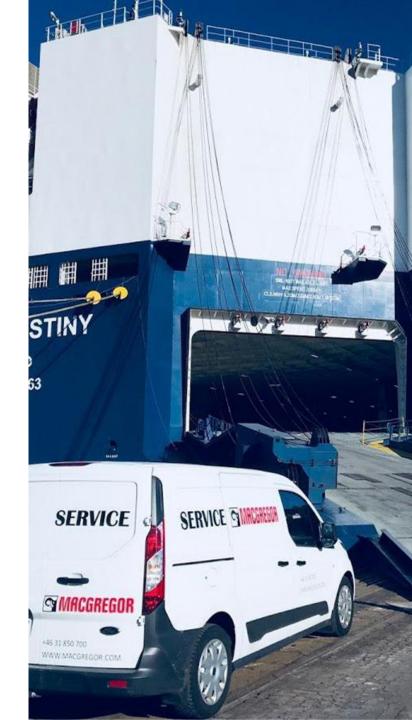
Comparable operating profit increased

- 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**

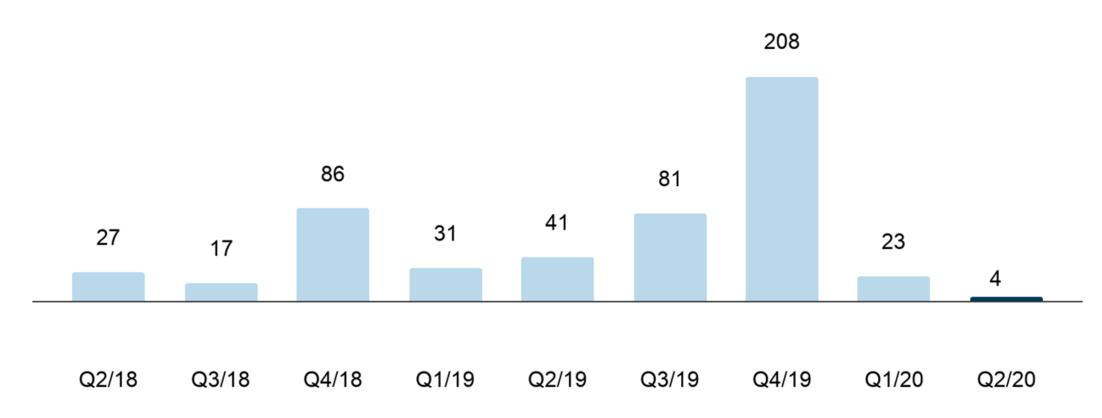
	Q2/20	Q2/19	Change	H1/20	H1/19	Change
Orders received, MEUR	637	872	-27%	1,417	1,894	-25%
Order book, MEUR	1,822	2,072	-12%	1,822	2,072	-12%
Sales, MEUR	756	911	-17%	1,614	1,767	-9%
Comparable operating profit,						
MEUR	43	64	-33%	83	122	-32%
Comparable operating profit, %	5.7%	7.1%	-130bps	5.1%	6.9%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



<sup>\*)</sup> Excluding items affecting comparability and adjusted with related tax effect

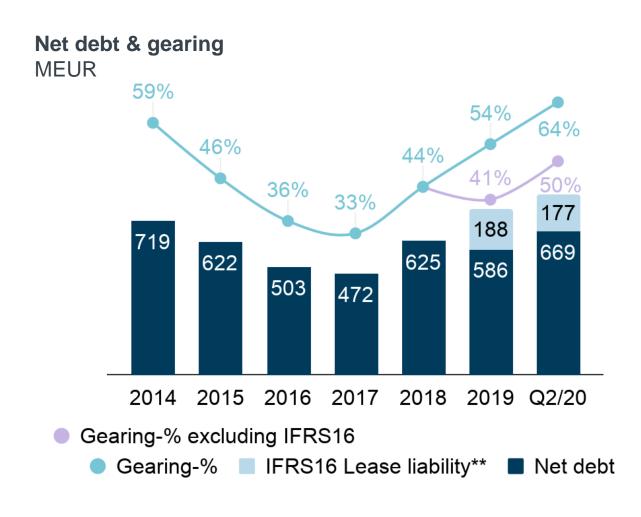
### Cash flow remained positive

**Cash flow from operations before financing items and taxes**MEUR

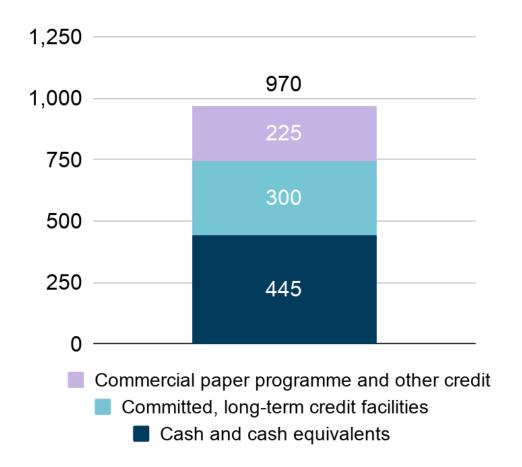




### Strong financial position and liquidity



#### Total liquidity, 30 June 2020

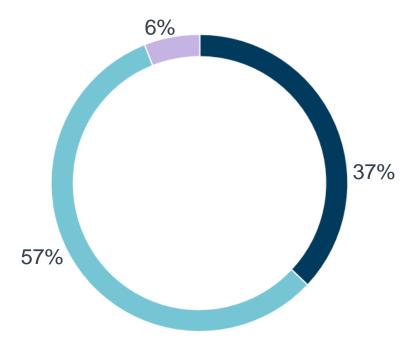


\*Cargotec adopted the IFRS 16 standard on 1 Jan 2019.



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

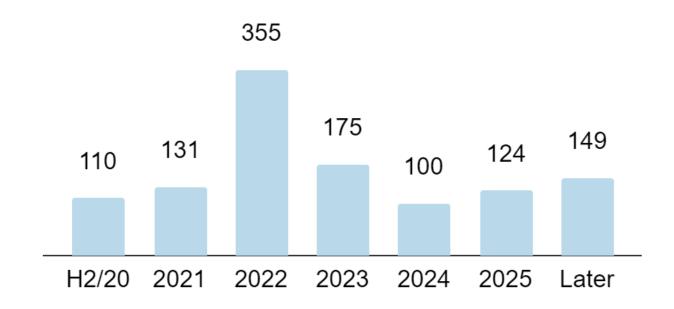
Loan structure, 30 June 2020



- Bilateral bank loans
- Bonds and Schuldschein loans
- Commercial papers and bank overdrafts

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:

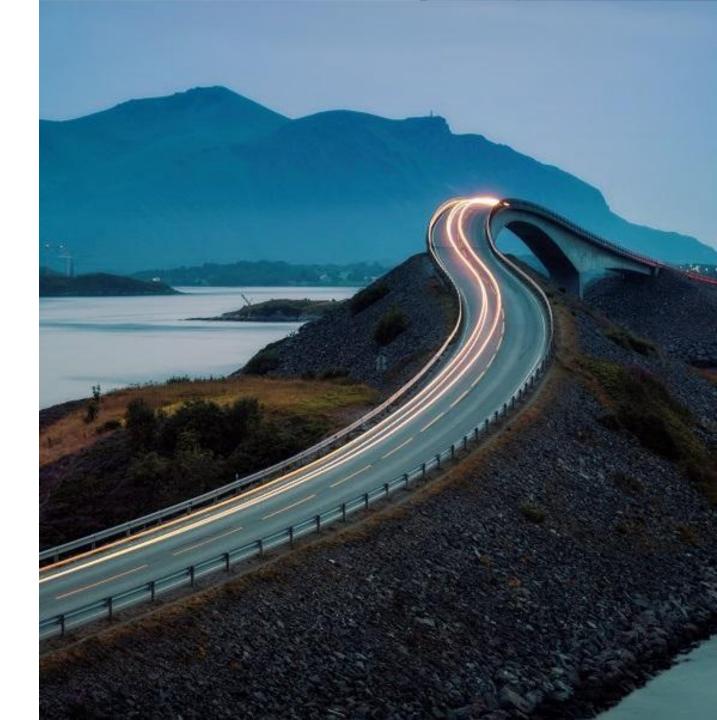
- The recovery of market activity continues
- The delivery capability of Cargotec and its supply chain continues to improve
- Productivity improvements support profitability in the future as well





# 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





#### **Disclaimer**

This report provides estimates on future prospects involving risk and uncertainty factors, and other factors as a result of which the performance, operation or achievements of Cargotec may substantially deviate from the estimates. Forward-looking statements relating to future prospects are subject to risks, uncertainties and assumptions, the implementation of which depends on the future business environment and other circumstances, such as the development of the coronavirus pandemic.





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