



Investor presentation, October 2020

Becoming the leader in intelligent cargo handling

Disclaimer

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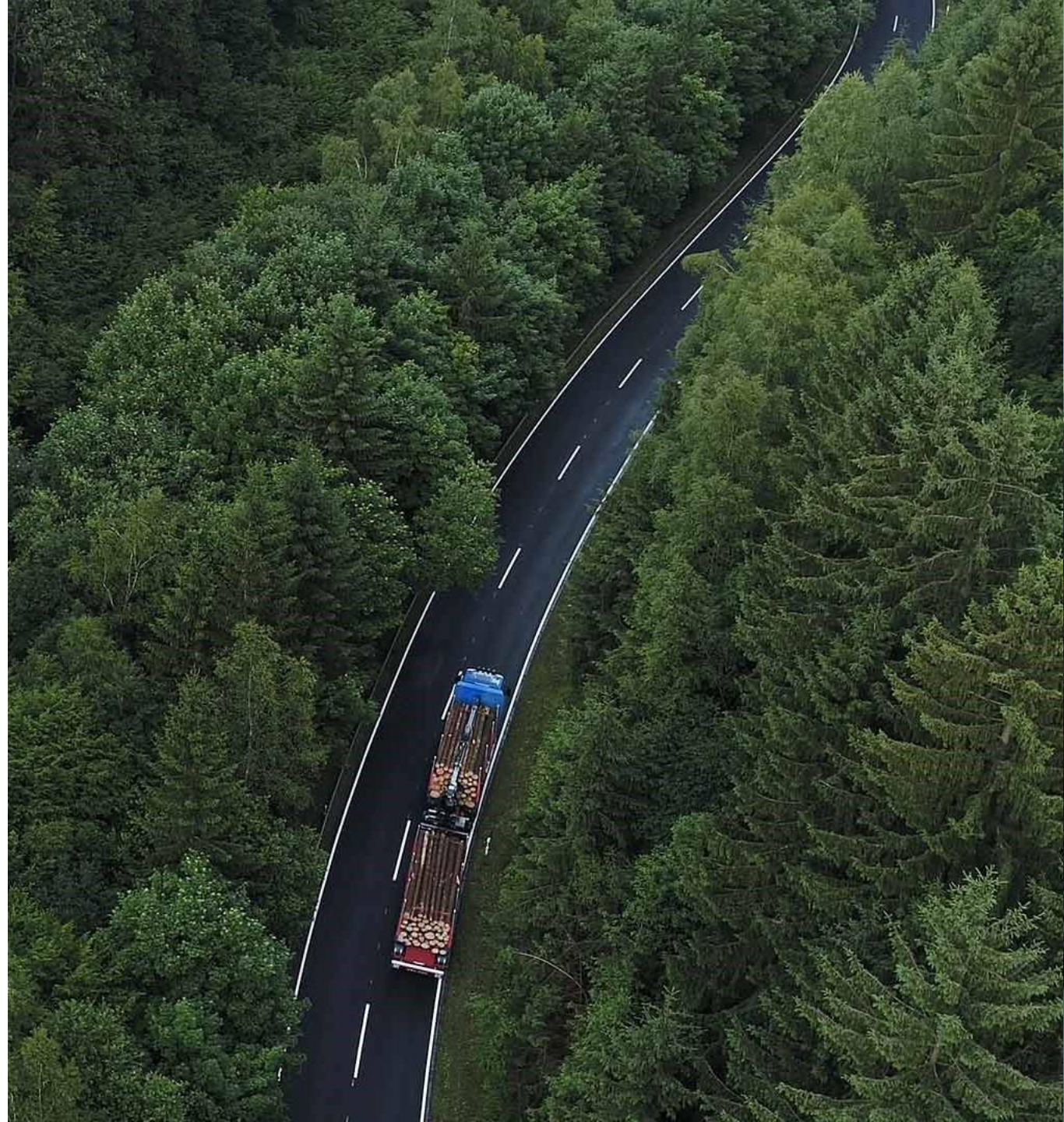
All the discussion topics presented during the session and in the attached material are still in the planning phase. The final impact on the personnel, for example on the duties of the existing employees, will be specified only after the legal requirements of each affected function/ country have been fulfilled in full, including possible informing and/or negotiation obligations in each function / country.

Securities laws in the United States and in other jurisdictions restrict Cargotec from discussing or disclosing information with respect to the contemplated merger with Konecranes Plc. Information regarding the contemplated merger can be found at www.sustainablematerialflow.com. Until the completion of the merger Cargotec and Konecranes will carry out their respective businesses as separate and independent companies. The information contained in this presentation concerns only Cargotec.

The merger and the merger consideration securities have not been and will not be registered under the U.S. Securities Act, and may not be offered, sold or delivered within or into the United States, except pursuant to an applicable exemption of, or in a transaction not subject to, the U.S. Securities Act.

Merger with Konecranes

On 1 October 2020, Cargotec and Konecranes [announced](#) that their respective Boards of Directors have signed a combination agreement and a merger plan to combine the two companies through a merger. Read more on the merger website www.sustainablematerialflow.com



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

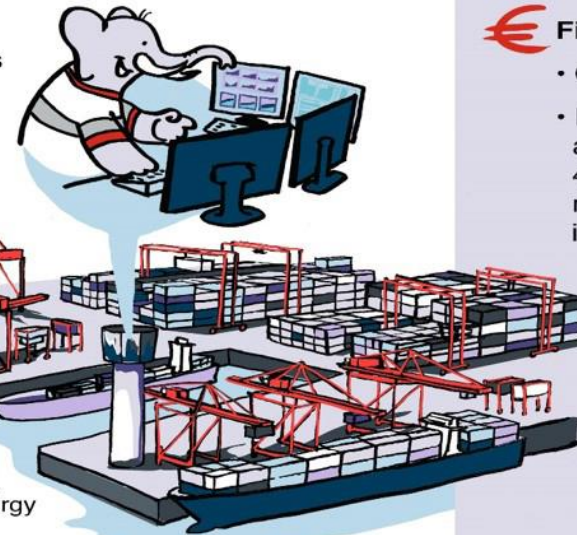


Unique position to benefit
from the growth prospects
in port automation
and software



Growing services and software business
increase stability of our business

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.

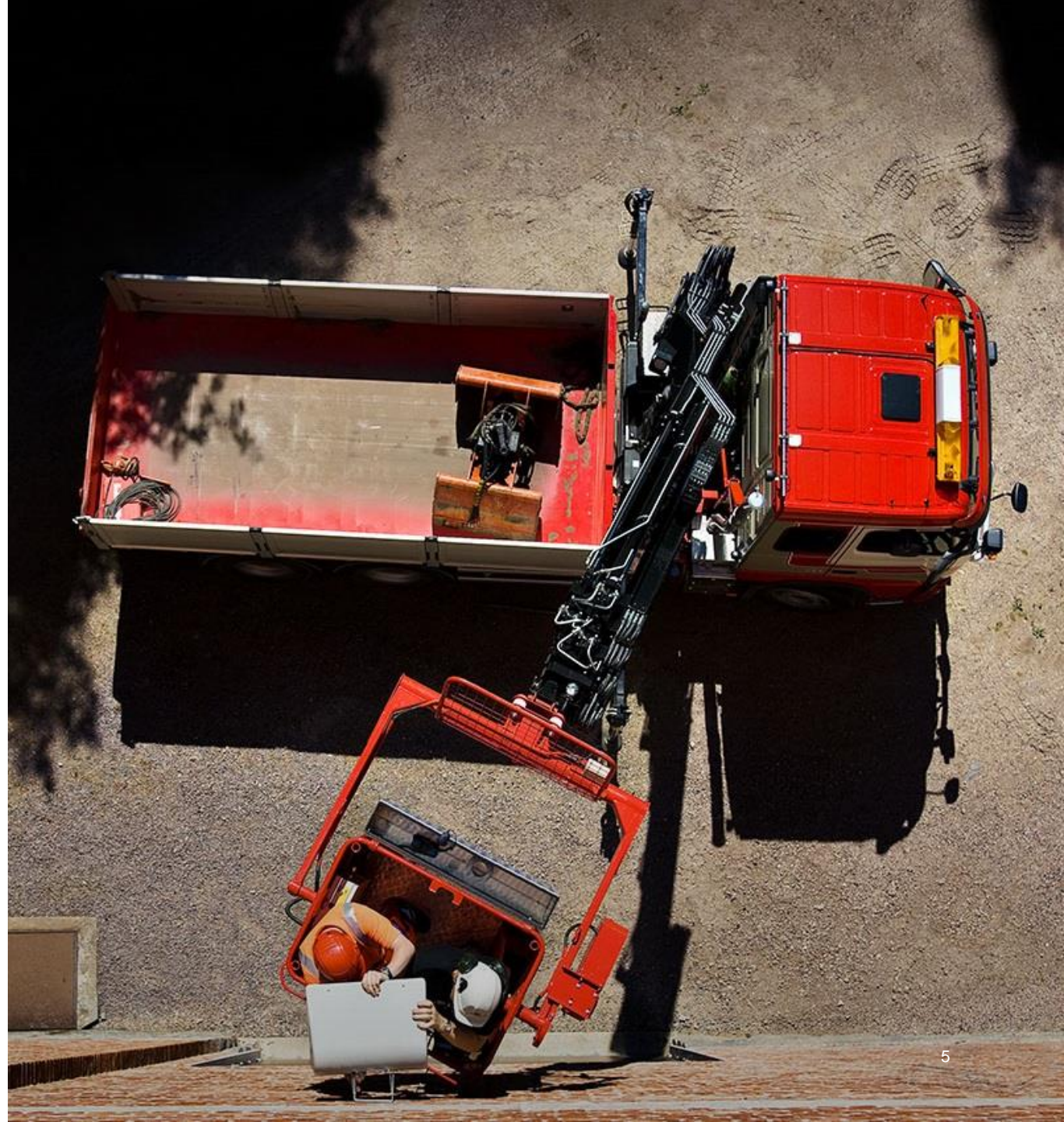


Financial targets

- 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

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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)

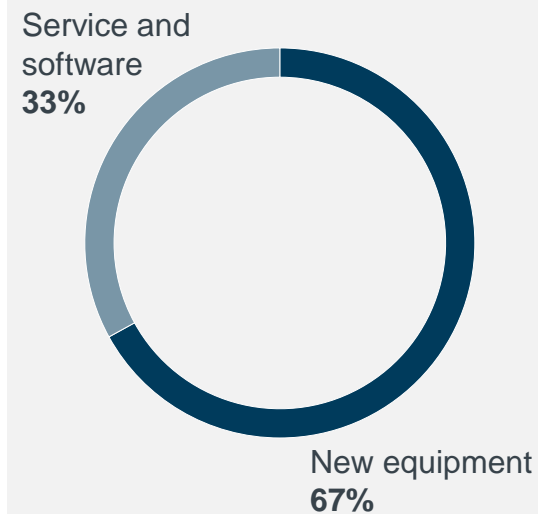
Hiab

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

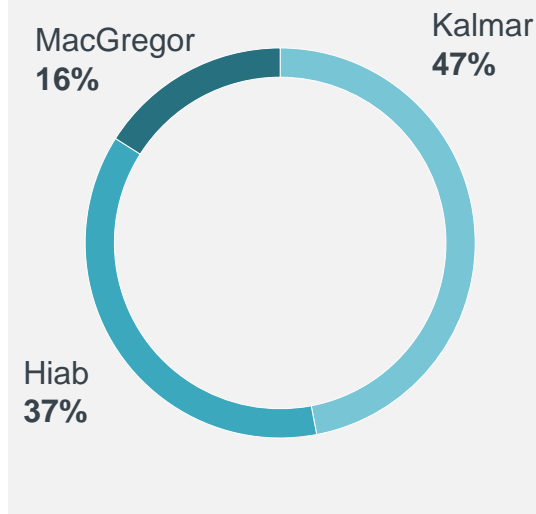
MacGregor

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

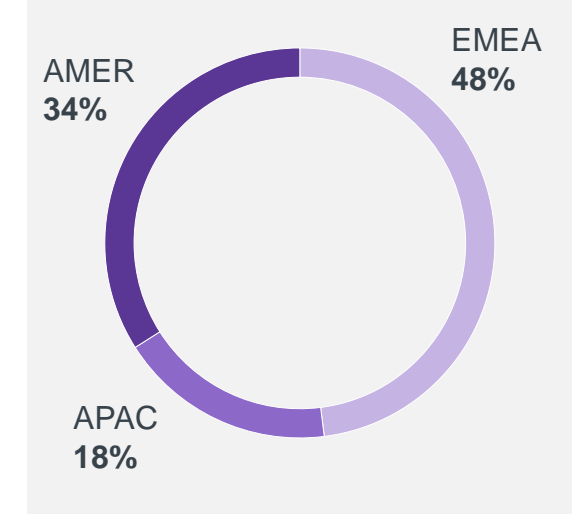
**Sales split: new
equipment vs service
and software**



**Sales by
business areas**



**Sales by
geographical area**



Strengths we are building upon

Leading market positions
in all segments

Strong brands

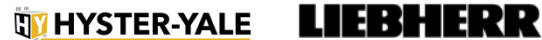
Loyal customers

Leading in technology

Key competitors

Cargotec is a leading player in all of its business areas

Global main competitors



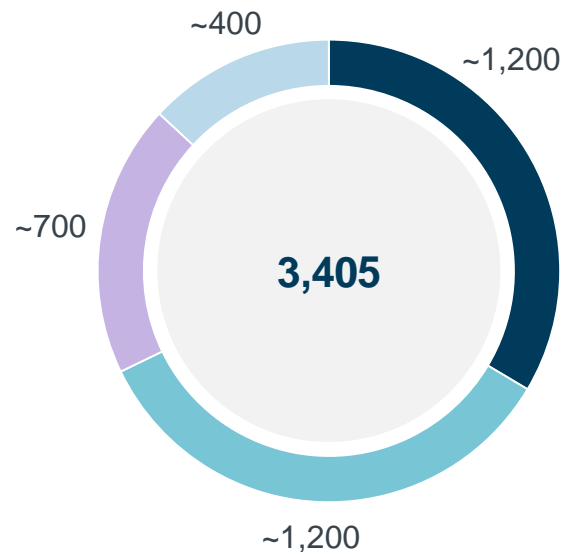
Other competitors



Currently two businesses performing well

Net sales Q3/2020, 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



-3%

-17%



Profitability: comparable EBIT margin, LTM

Low profitability

-3.1%

11.8%

Low double digit

* LTM = Last 12 months

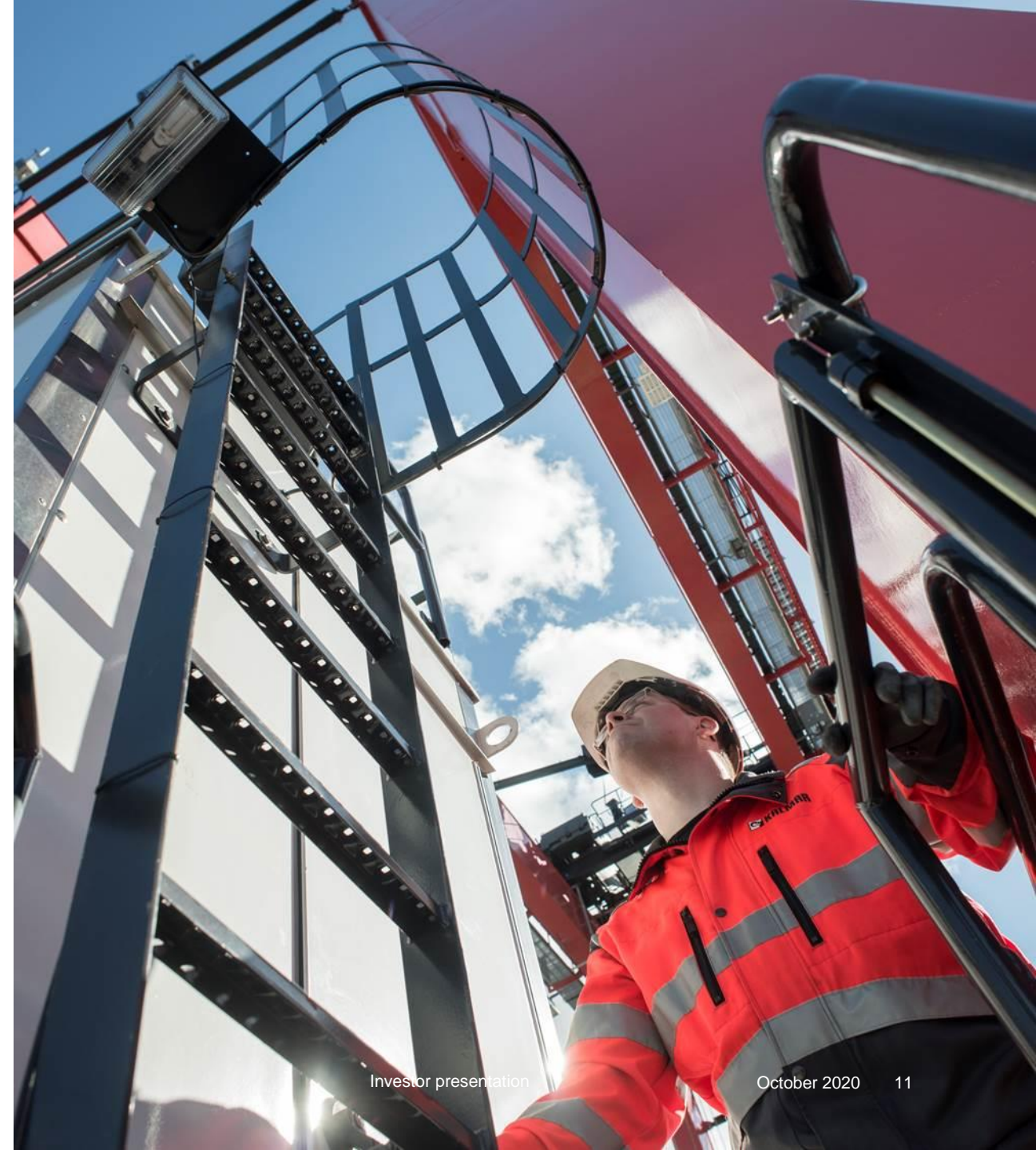
** Figures rounded to closest 50 million

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

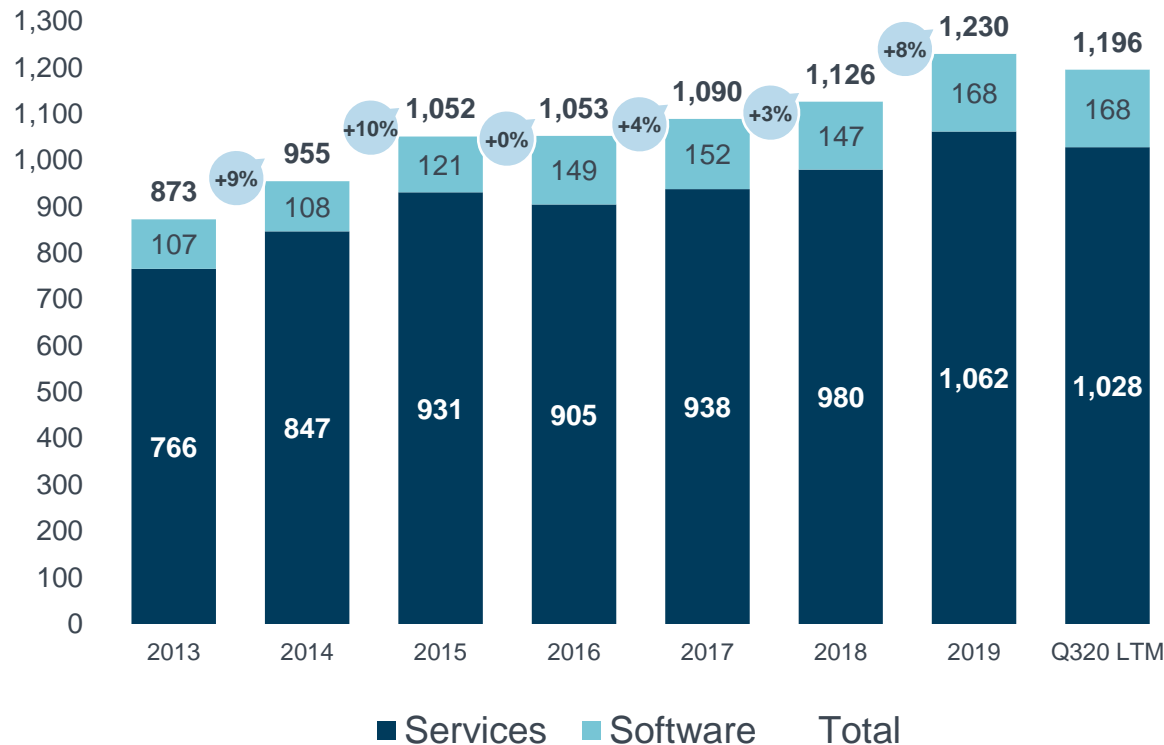
2. Our vision is to become the global leader in intelligent cargo handling

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

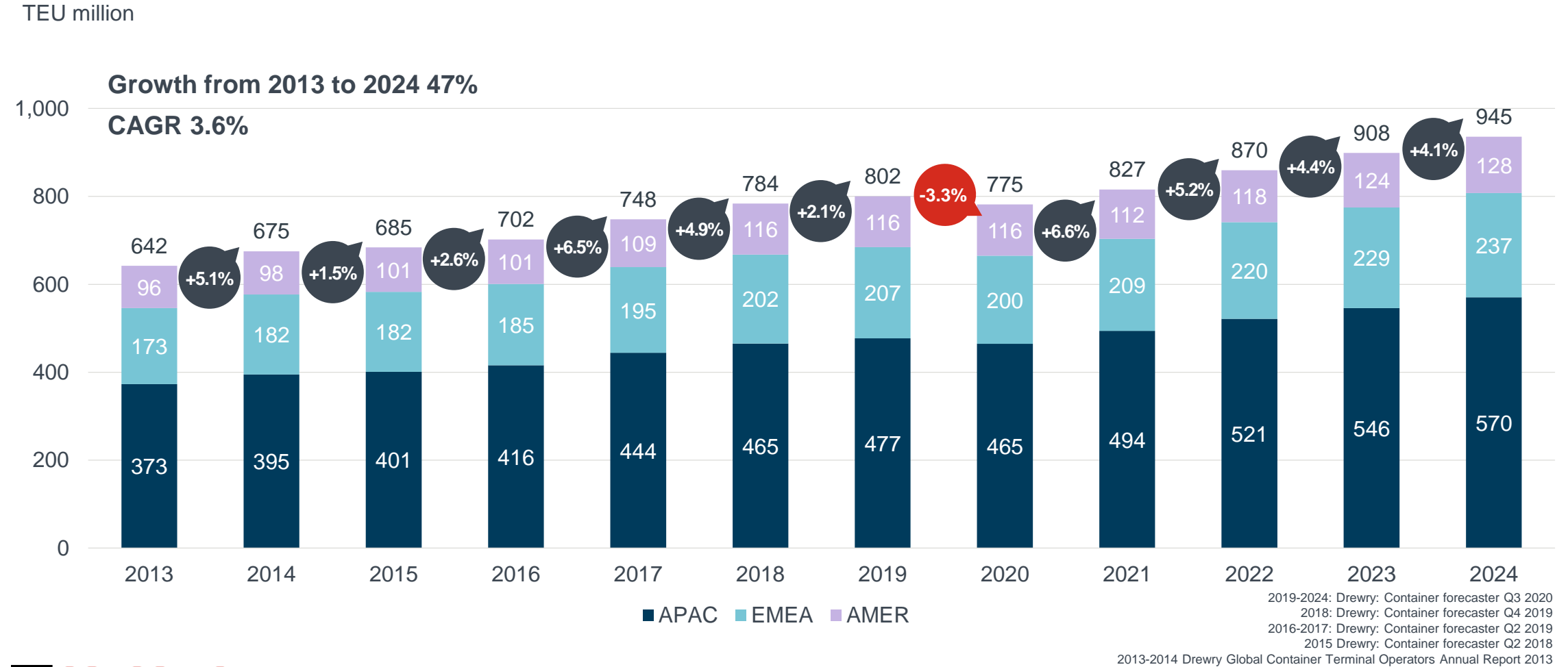


*Target announced in September 2017

Kalmar

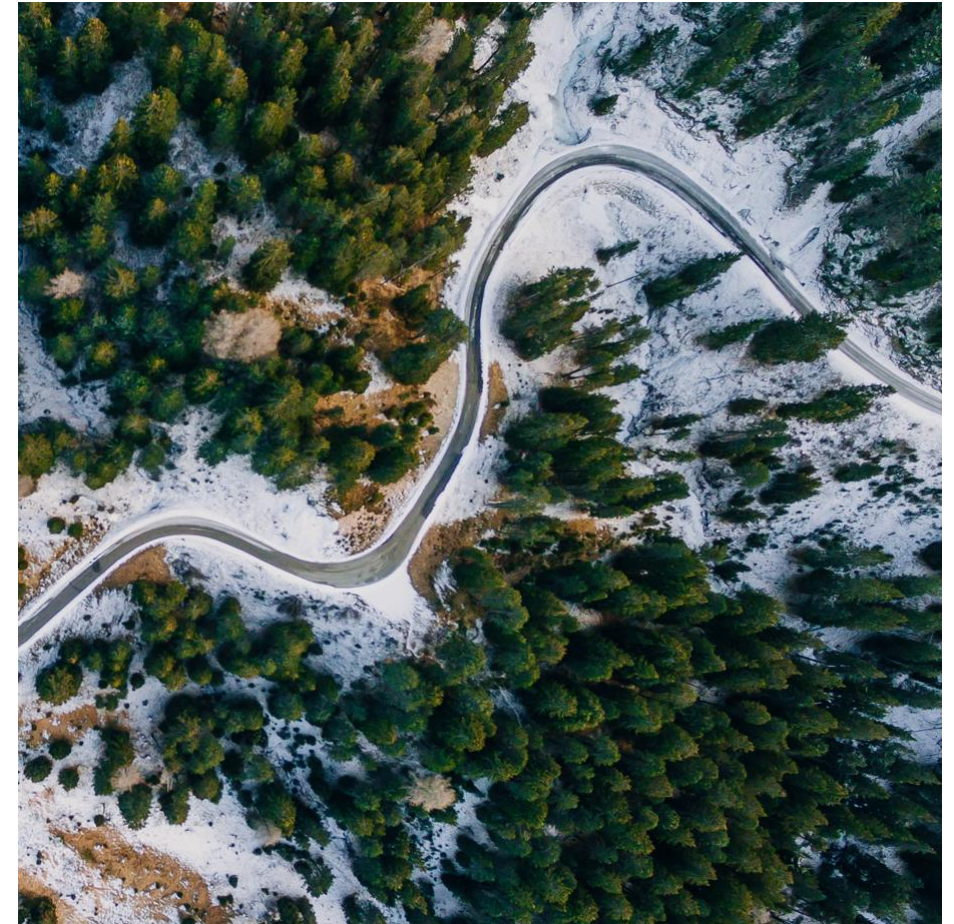


Container throughput to be impacted by COVID-19 situation but forecasted to recover



Cargotec to evaluate strategic options for Navis business

- 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

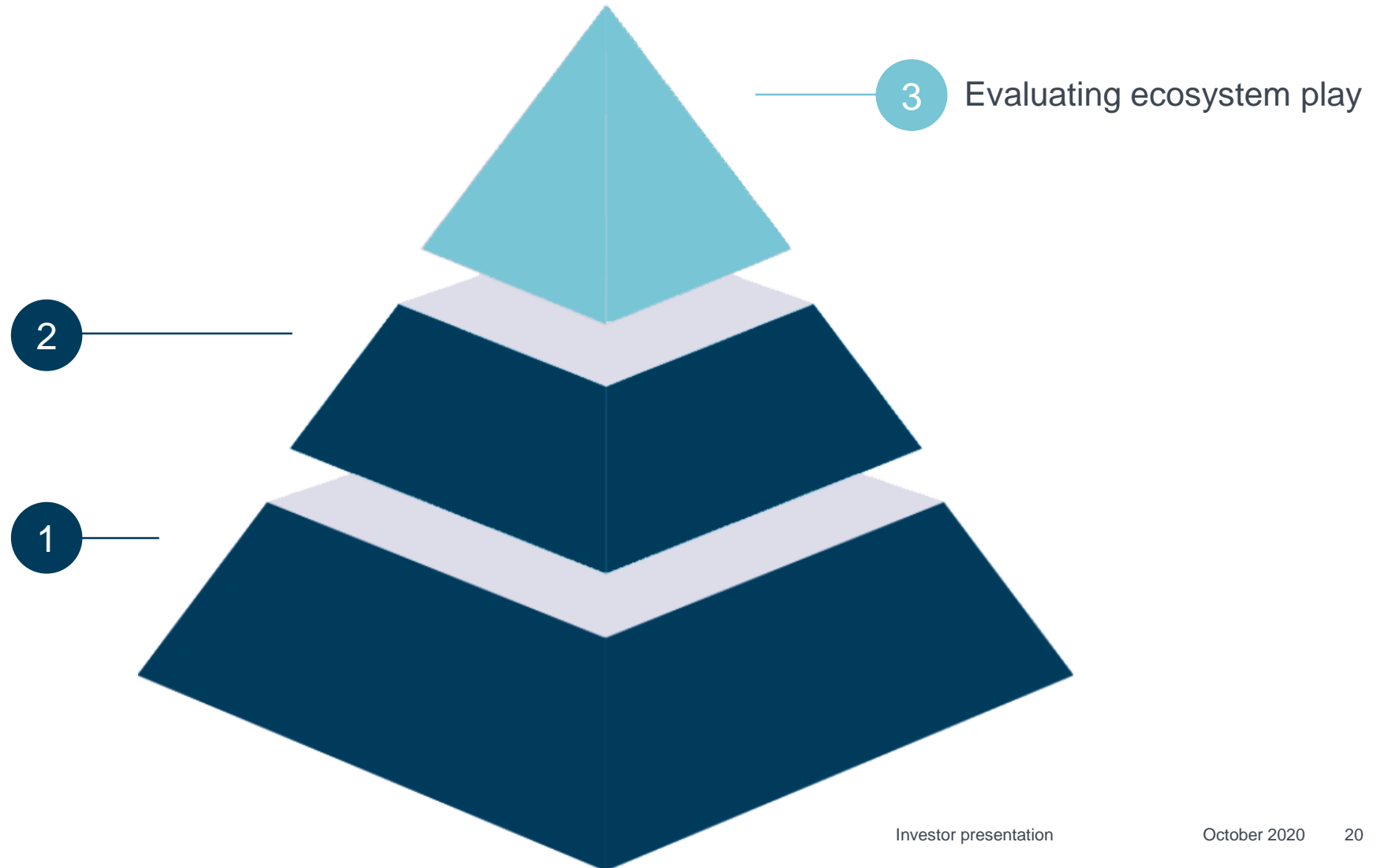


Committed to become the leader in intelligent cargo handling – evaluating future options for value creation

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

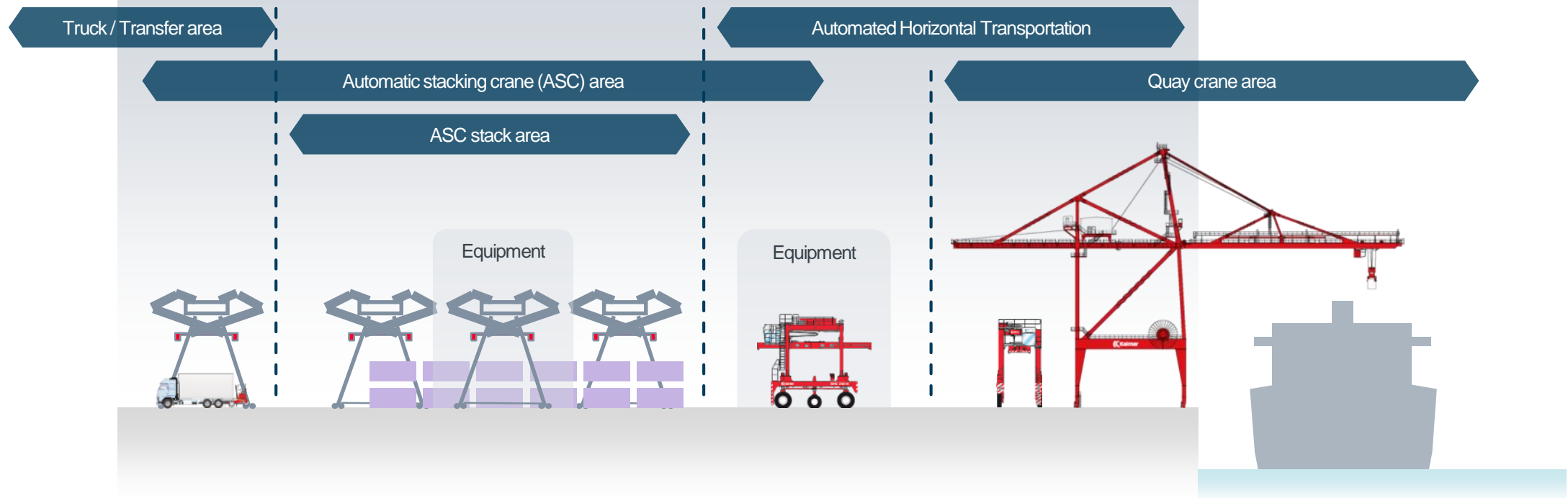
Terminal Operating System (TOS) coordinates and optimizes the planning and management of container and equipment moves

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

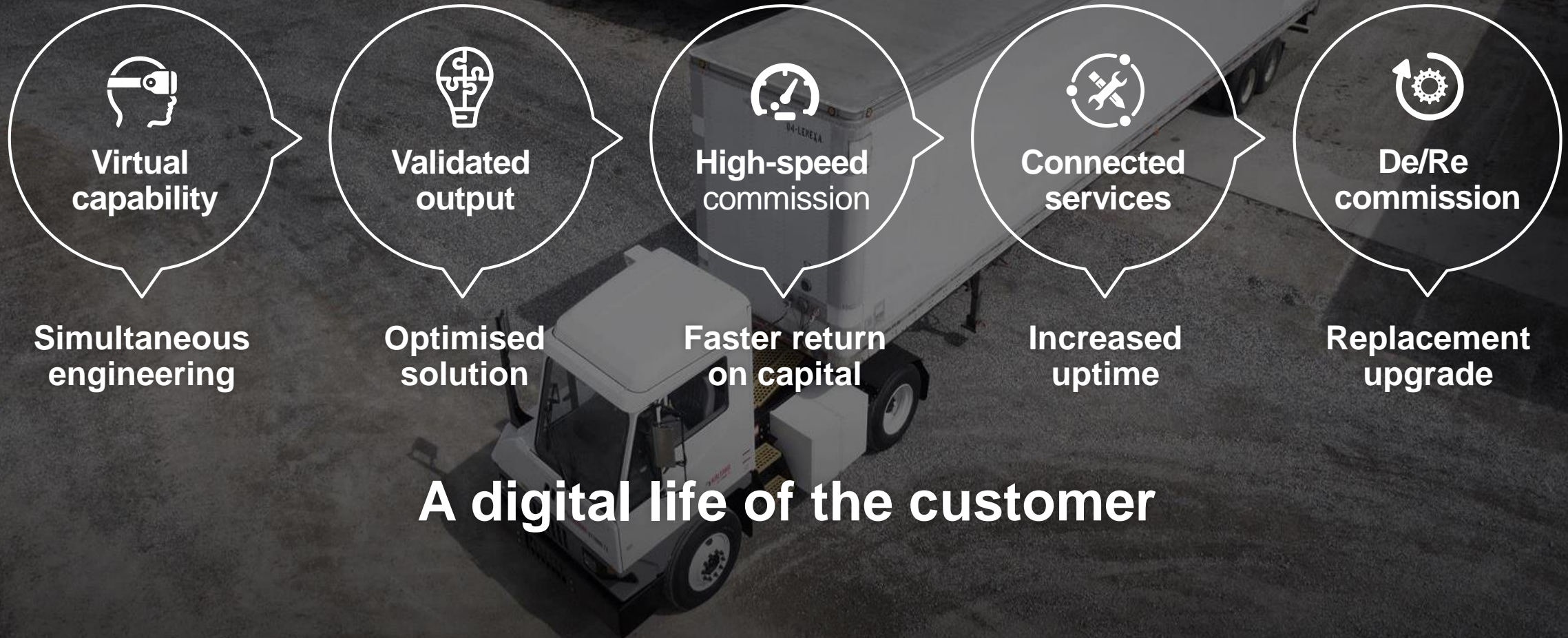
AUTOMATED SOLUTION

ROBOTICS FUNCTIONALITY

Digitalisation • Autonomous • Electrification

KALMAR EQUIPMENT

Towards new business models



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



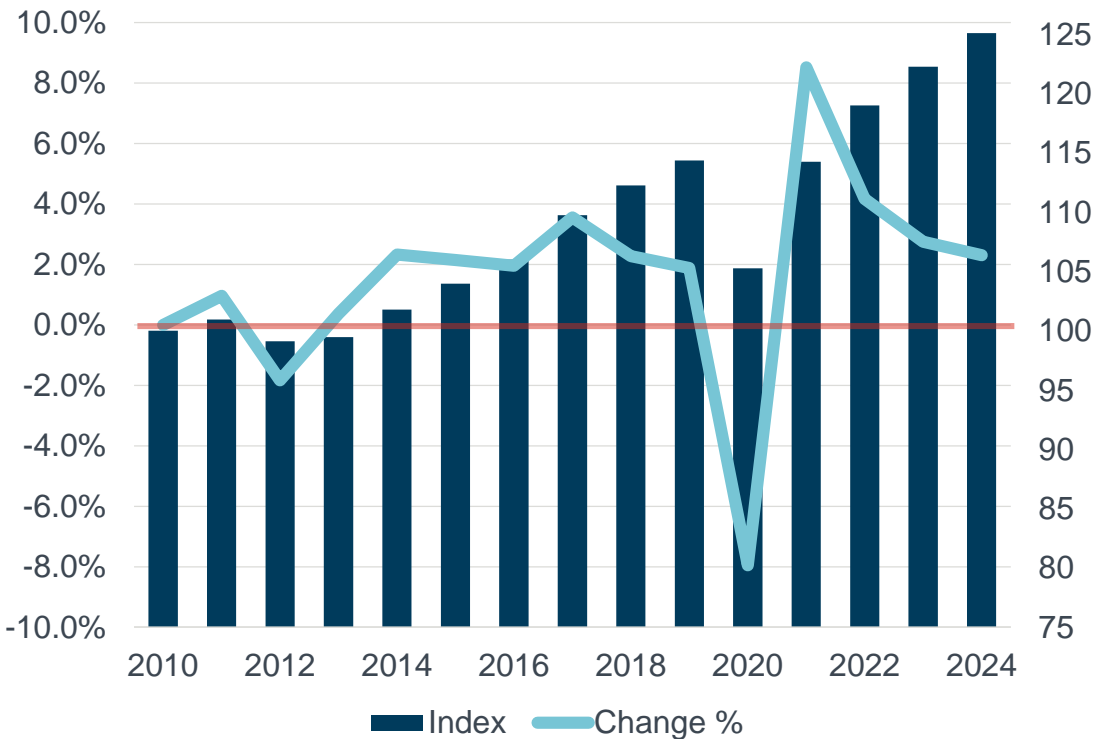
Hiab



Construction output driving growth opportunity

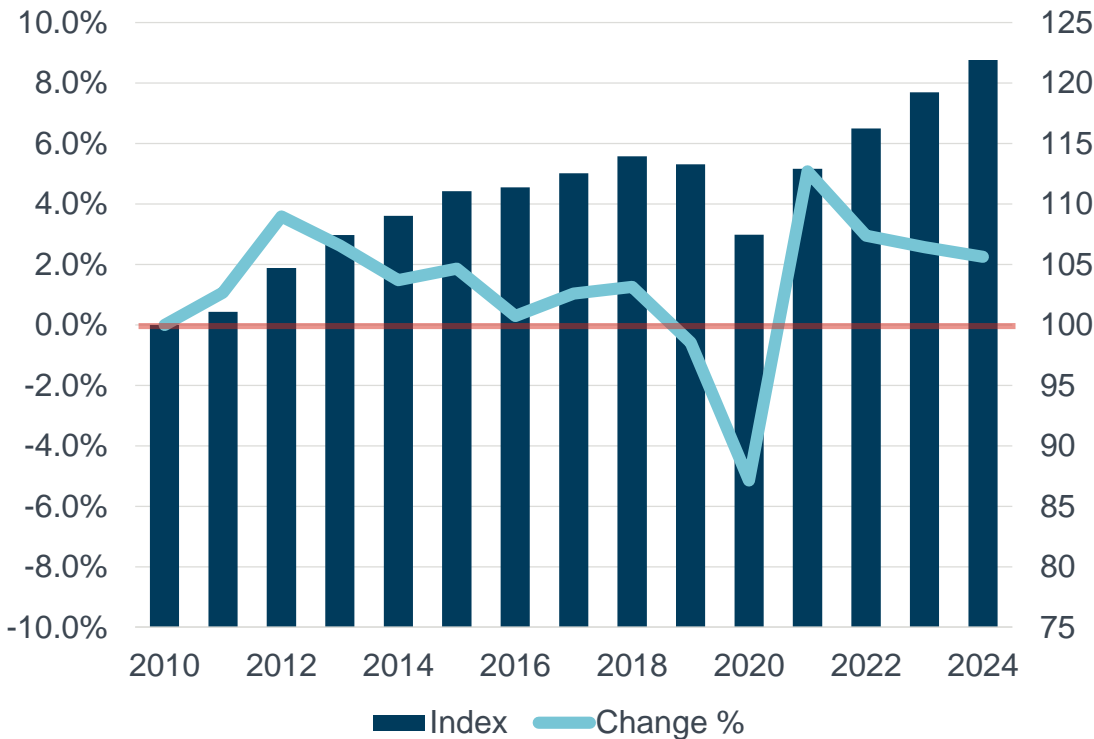
EMEA construction output

y/y change (%)








AMER construction output

y/y change (%)

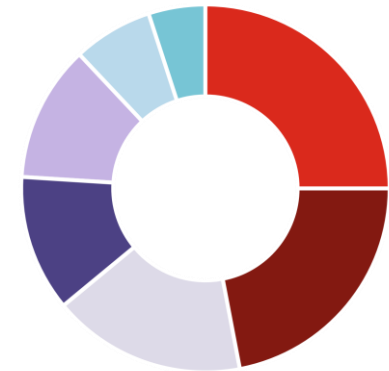


Oxford Economics: Industry output forecast
9/2020

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



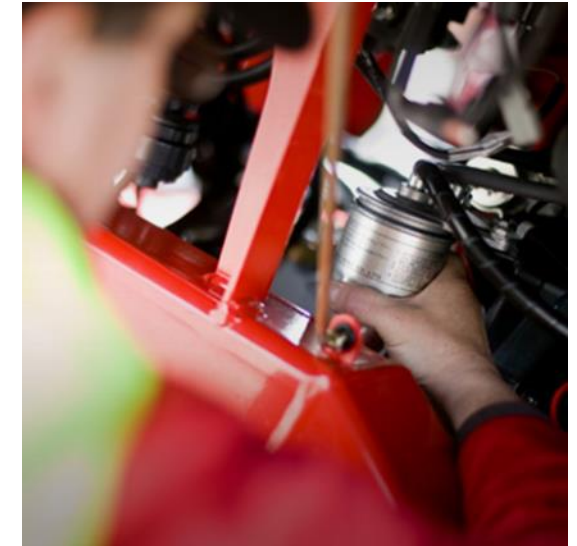
Tail lifts

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

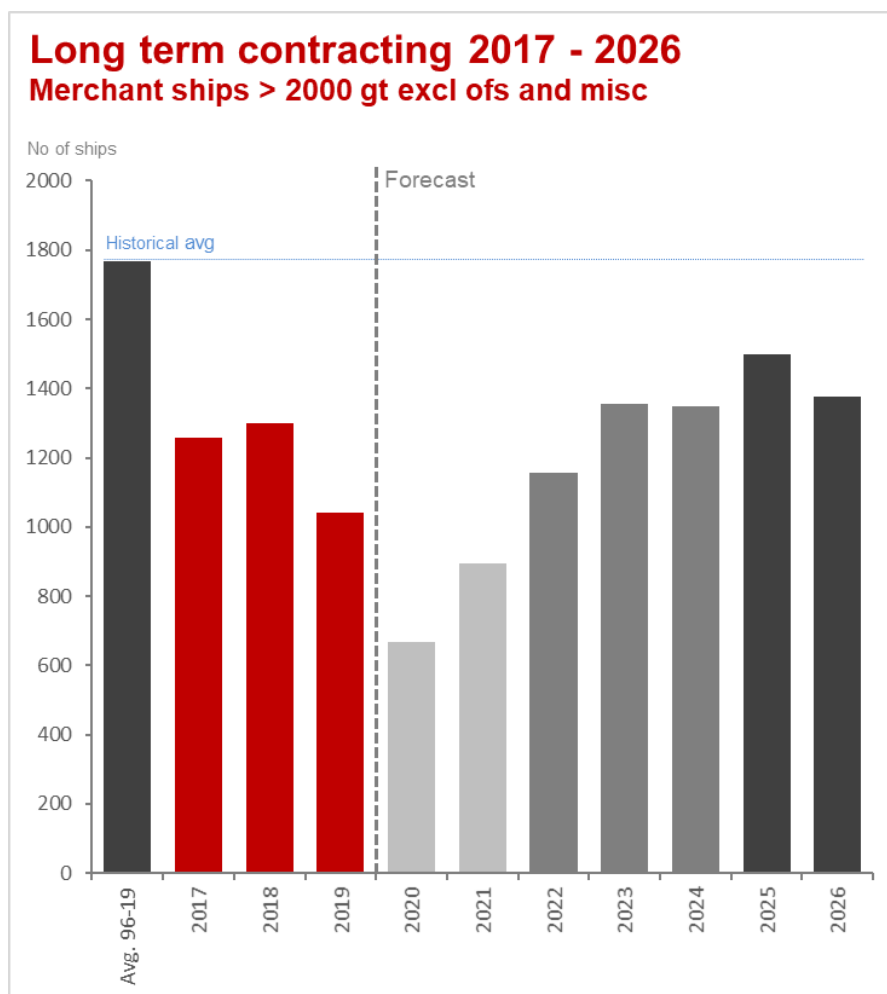
Merchant Cargo Flow MARKET POSITION #1	Marine People Flow #1	Naval Logistics and Operations #1-2	Offshore Energy #1	Marine Resources & Structures #1-2
<ul style="list-style-type: none"> ▪ Container cargo ▪ Bulk cargo ▪ General cargo ▪ Liquid cargo ▪ RoRo cargo 	<ul style="list-style-type: none"> ▪ Ferry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

Lifecycle Services

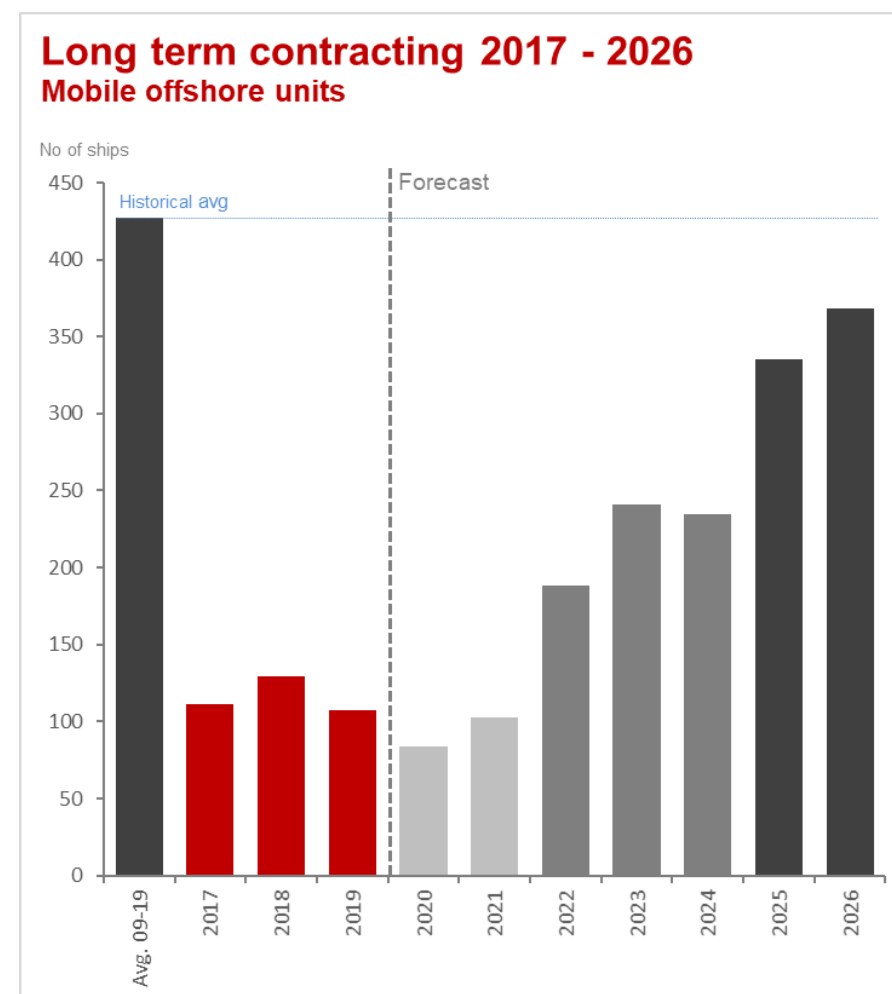


Picture: Equinor

Merchant Ships and Offshore contracting – short-term challenges

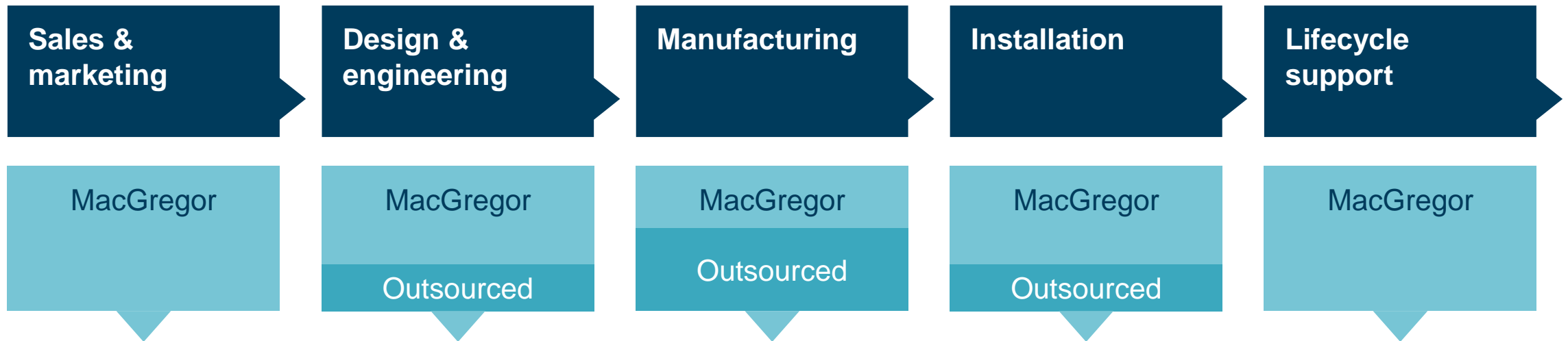


Merchant ships contracting expected to improve in line with accelerated fleet renewal driven by shipping decarbonisation.



Offshore wind drives ordering of dedicated offshore wind vessels, and also a wider range of other mobile offshore units.

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 20 million. 14 MEUR from cost savings achieved during Q1-Q3, remaining 6 MEUR expected for Q4

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 Q3/2020 – Cost savings and productivity improvements enhanced profitability

Orders received decreased by 14%

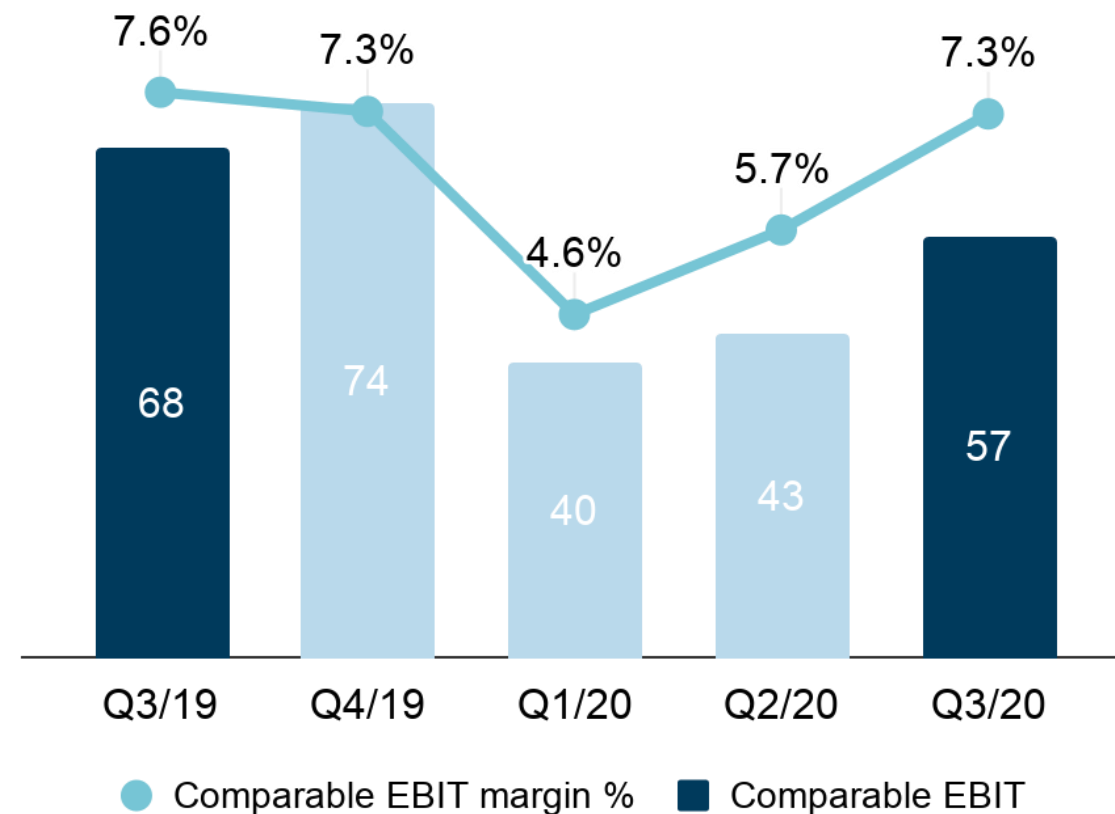
- +16% compared to Q2/2020

Sales decreased by 14%

- +3% compared to Q2/2020

Comparable operating profit decreased by 17%

- Kalmar -15 MEUR
- Hiab -3 MEUR
- MacGregor +7 MEUR
- +31% compared to Q2/2020



The coronavirus pandemic impact was less significant in Q3/2020

Safety of our personnel and customers top priority

From temporary to permanent productivity measures

- Cost savings resulted to savings of approximately 10 MEUR per month
- Same cost saving level expected to continue in Q4
- Internal headcount reduction of over 800 during Q1-Q3/2020

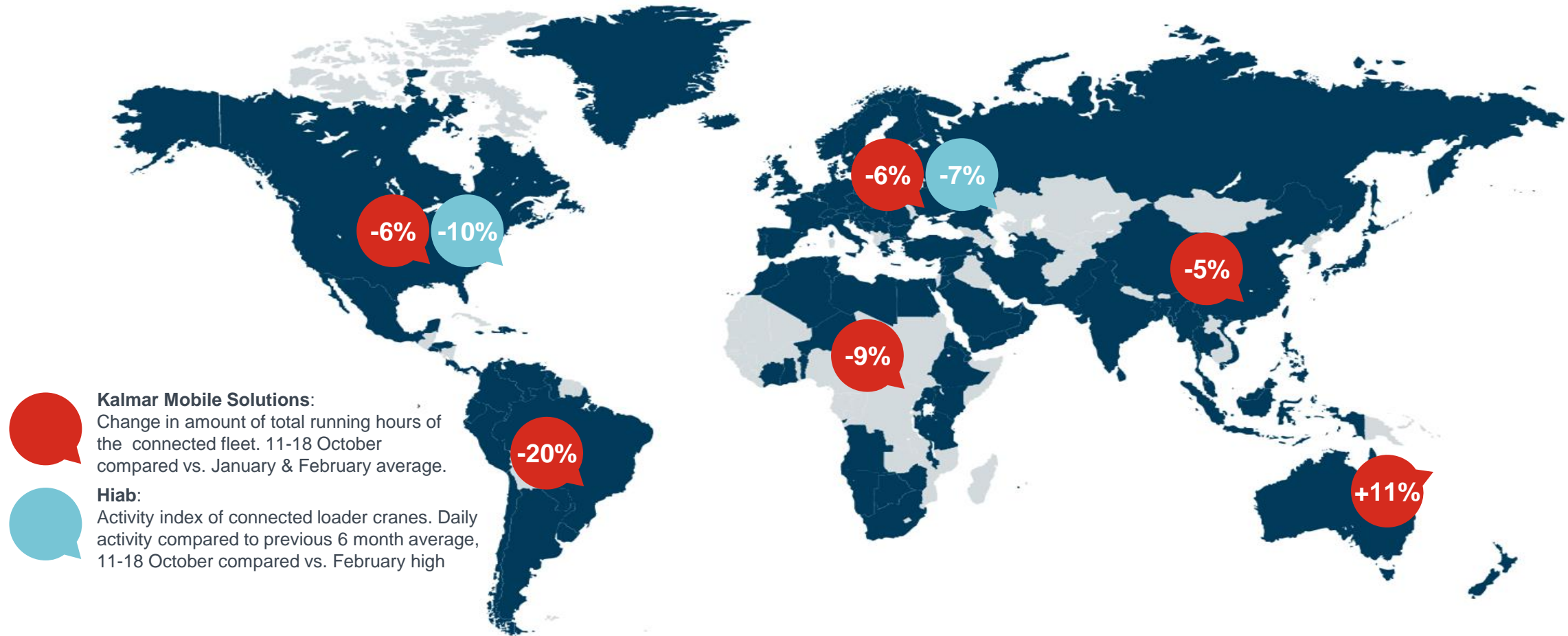
Demand recovering but not back to normal

- Uncertainty and restrictions set by authorities continued to delay decision making especially in larger investments
- No major order cancellations
- Services and software resilient

Our delivery capability back to normal



Gradual improvement in equipment running hours in US and Europe



Kalmar Mobile Solutions:

Change in amount of total running hours of the connected fleet. 11-18 October compared vs. January & February average.



Hiab:

Activity index of connected loader cranes. Daily activity compared to previous 6 month average, 11-18 October compared vs. February high

Market environment

Number of containers handled at ports declined

- Estimates upgraded during Q3
- FY 2021 estimate +6.6%

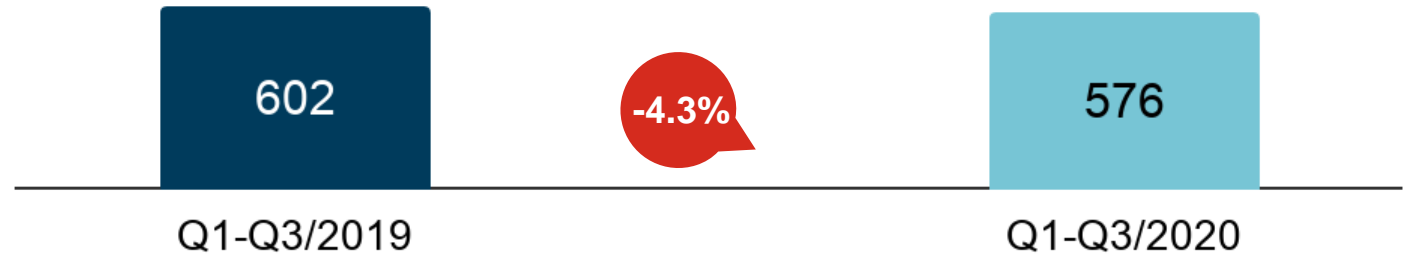
Construction activity increased from Q2/2020

- +12.1% in Europe
- +5.4% in the US

Challenging market situation continues for MacGregor

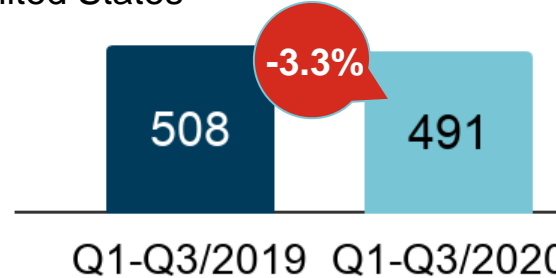
- Merchant and Offshore oil & gas vessel orders clearly below historical average
- Offshore wind estimated to grow

Global container throughput¹ – Key driver for Kalmar

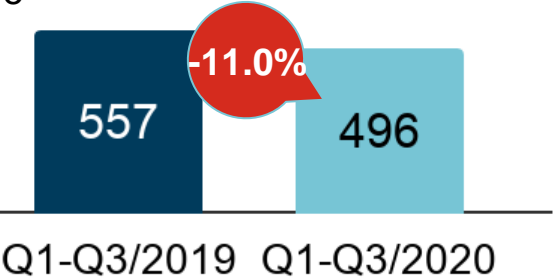


Construction output² – Key driver for Hiab

United States

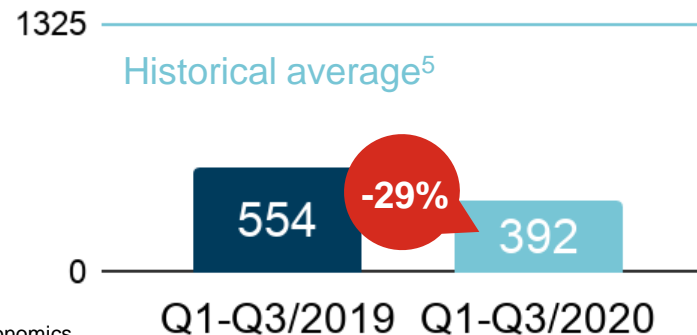


Europe

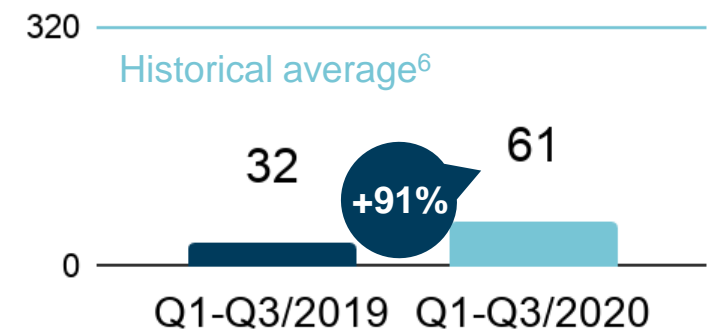


Long term contracting – Key driver for MacGregor

Merchant ships³

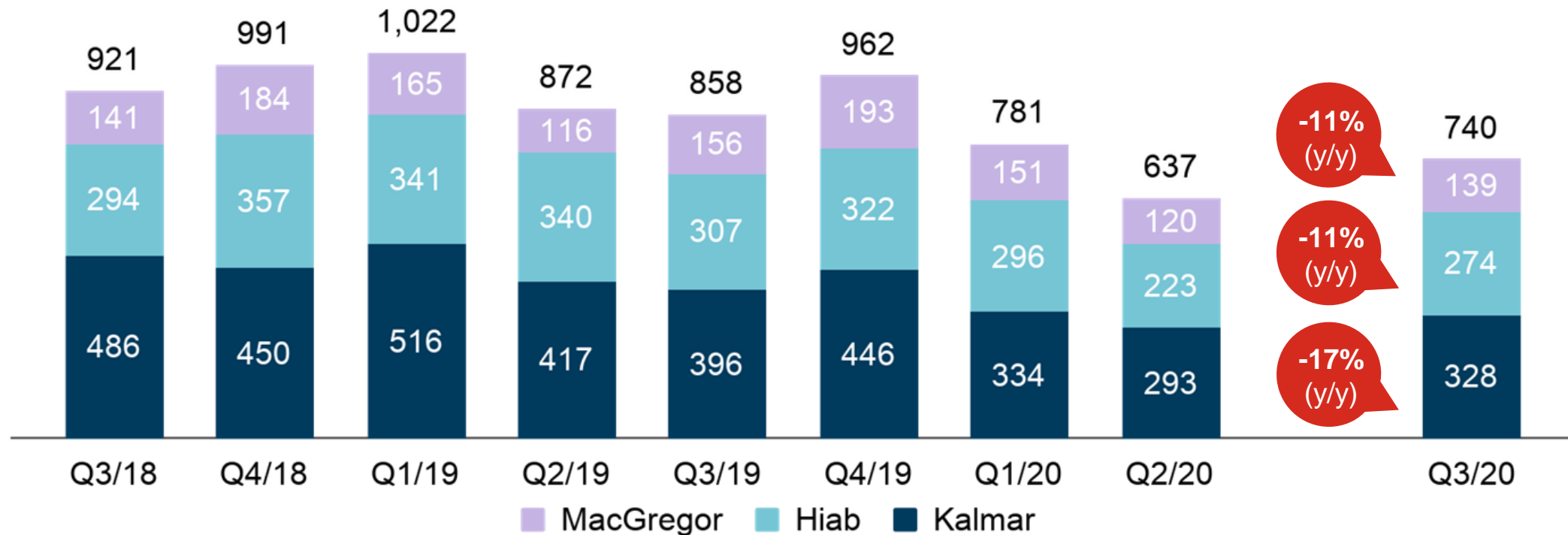


Offshore mobile units⁴



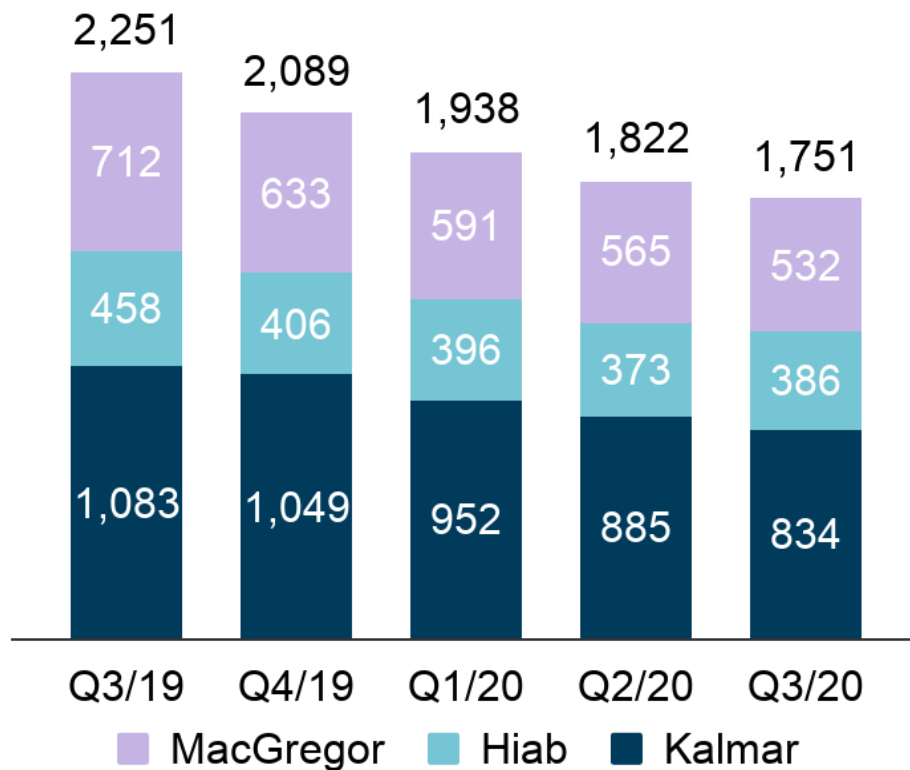
Orders received recovered after bottoming in Q2/2020

MEUR

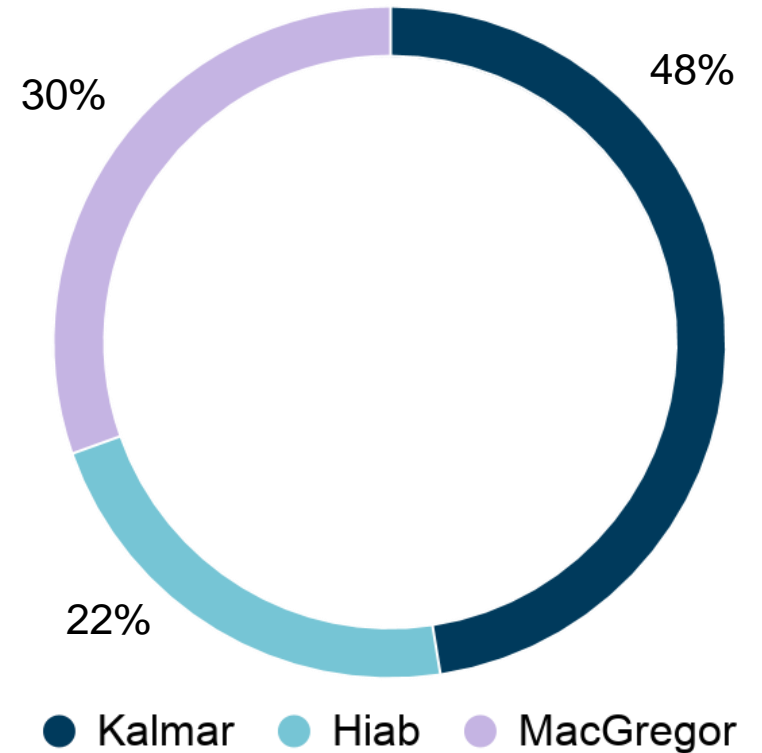


Hiab order book turned back to growth

Order book
MEUR

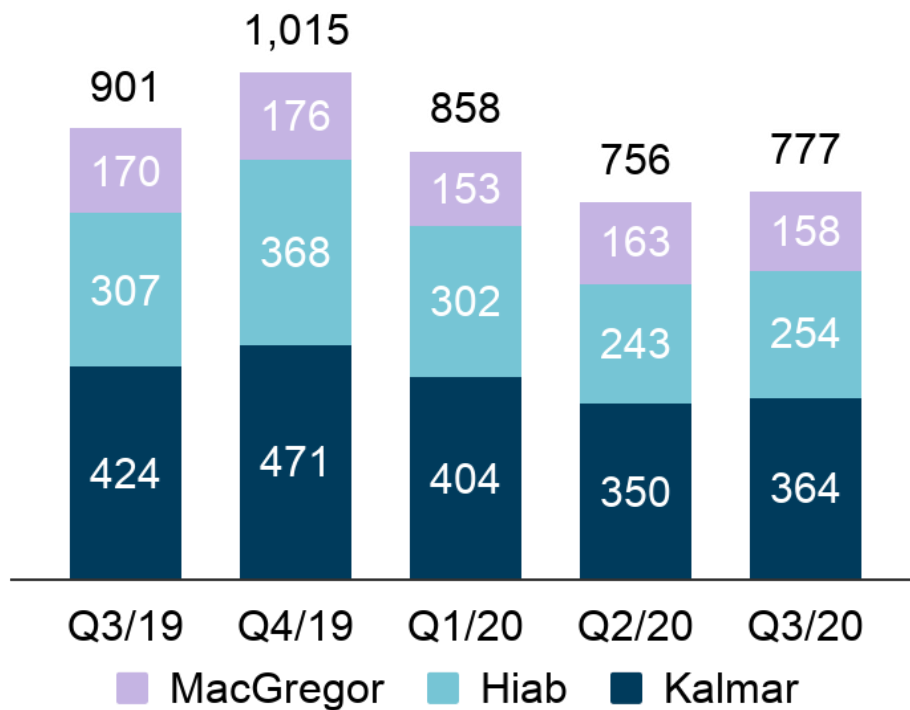


Order book by reporting
segment, Q3 2020

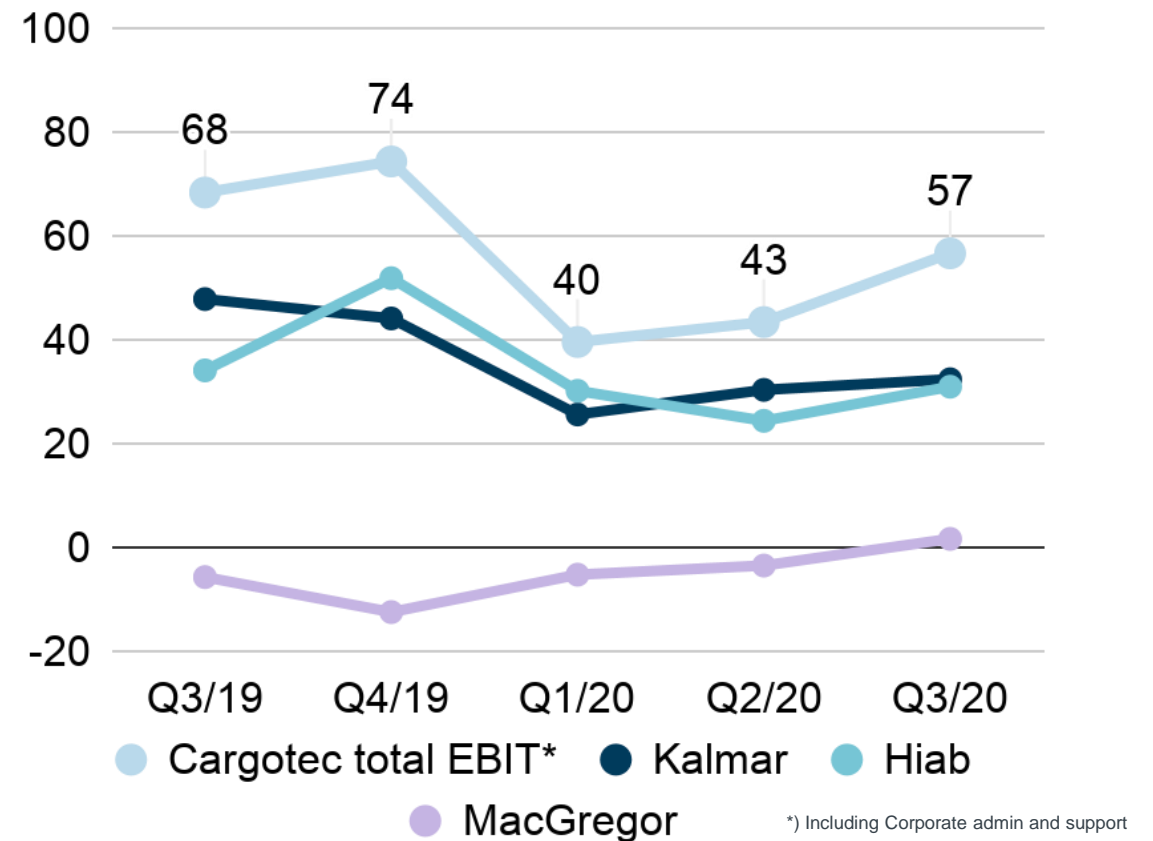


Positive trend in comparable operating profit and sales continued

Sales MEUR



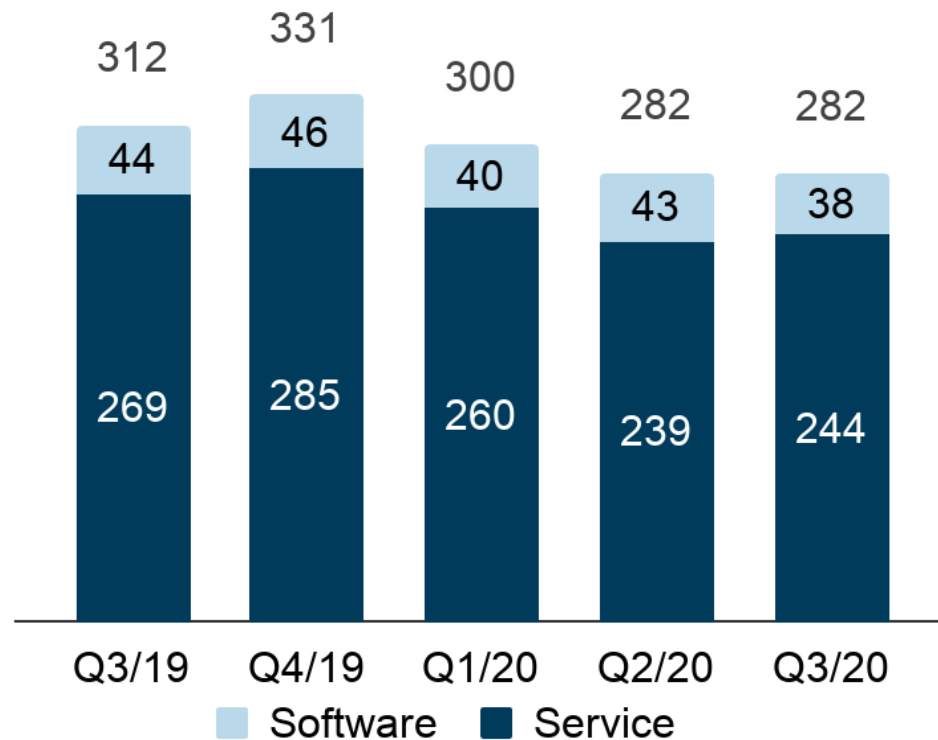
Comparable operating profit MEUR



Service business resilient

Service and software* sales

MEUR



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

Q3/2020 service sales -9%

- Kalmar -9%
- Hiab -7%
- MacGregor -13%

Software sales -12%

Service and software 36% of total sales

Business areas

Cargotec's January–September 2020
interim report



Kalmar Q3 – Profitability supported by strong Mobile Equipment result

Orders received declined

- Order decline especially in Automation and Projects
- Both Automation & Projects and Mobile solutions improved compared to Q2/2020

Sales increased in Automation and Projects, decreased in Mobile Equipment

Service sales decreased by 9%, software sales decreased by 12%

Comparable operating profit decreased

- Lower sales
- Costs from Automation & Projects reorganisation

Comparable operating profit margin was supported by cost savings and improved gross margin in Mobile Equipment

MEUR	Q3/20	Q3/19	Change
Orders received	328	396	-17%
Order book	834	1,083	-23%
Sales	364	424	-14%
Comparable operating profit	32	48	-32%
Comparable operating profit margin	8.9%	11.3%	-240bps



Hiab Q3 – Comparable operating profit margin increased

Orders received and sales decreased

- Service sales decreased by 7%

Comparable operating profit decreased 3 MEUR due to lower volumes

Comparable operating profit margin increased

- Productivity improvement and temporary cost savings
- Higher gross profit margins

MEUR	Q3/20	Q3/19	Change
Orders received	274	307	-11%
Order book	386	458	-16%
Sales	254	307	-17%
Comparable operating profit	31	34	-9%
Comparable operating profit margin	12.2%	11.1%	110bps



MacGregor Q3 – TTS synergies and productivity actions visible in result

Orders received decreased in Offshore and Services

Sales decreased by 7%

- Service sales -13%

Comparable operating profit returned above break-even

- Cost savings achieved through restructurings
- Higher gross margins due to improved project execution

Productivity improvements ongoing

- FY 2020 cost savings target increased to 20 MEUR
- 14 MEUR of cost savings achieved during Q1–Q3, remaining 6 MEUR expected for Q4

MEUR	Q3/20	Q3/19	Change
Orders received	139	156	-11%
Order book	532	712	-25%
Sales	158	170	-7%
Comparable operating profit	2	-6	> 100%
Comparable operating profit margin	1.0%	-3.4%	440bps



Financials and outlook

Cargotec's January-September 2020
interim report



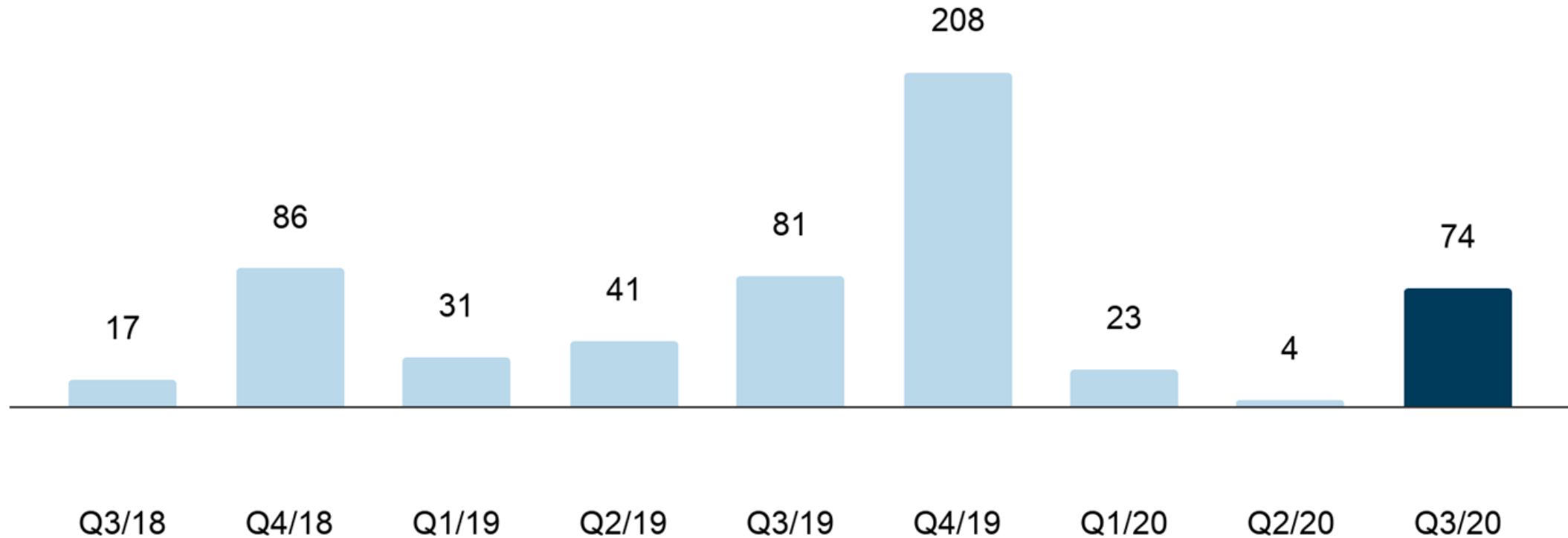
Key figures – Q3 relative profitability remained close to 2019 level

	Q3/20	Q3/19	Change	Q1-Q3/20	Q1-Q3/19	Change
Orders received, MEUR	740	858	-14%	2,158	2,752	-22%
Order book, MEUR	1,751	2,251	-22%	1,751	2,251	-22%
Sales, MEUR	777	901	-14%	2,391	2,669	-10%
Comparable operating profit, MEUR	57	68	-17%	140	190	-27%
Comparable operating profit, %	7.3%	7.6%	-30bps	5.8%	7.1%	-130bps
Items affecting comparability, MEUR	-11	-10	-4%	-87	-28	< -100%
Operating profit, MEUR	46	58	-21%	53	162	-67%
Operating profit, %	5.9%	6.4%	-50bps	2.2%	6.1%	-390bps
Net income, MEUR	27	30	-10%	1	90	-98%
Earnings per share, EUR	0.41	0.46	-11%	0.03	1.39	-98%
Earnings per share, EUR*	0.76	0.56	36%	0.77	1.68	-54%
ROCE, %**	2.8%	9.0%	-620bps	2.8%	9.0%	-620bps

Strong cash flow

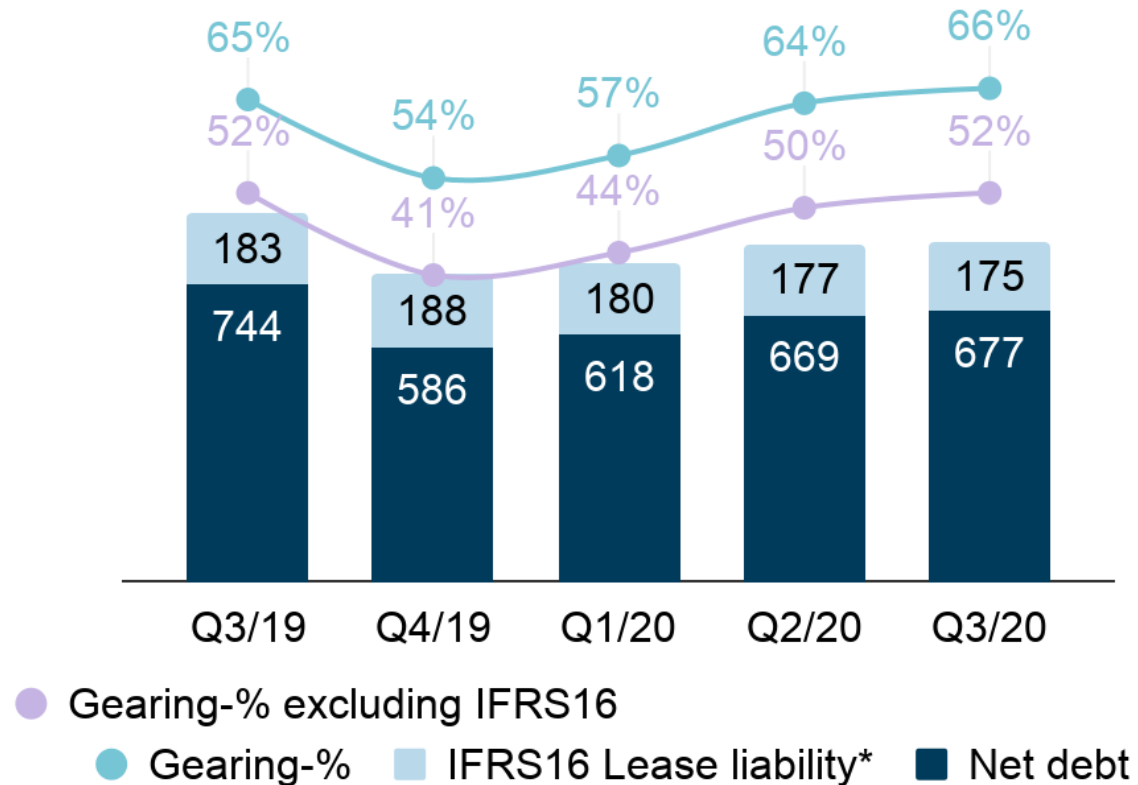
Cash flow from operations before financing items and taxes

MEUR



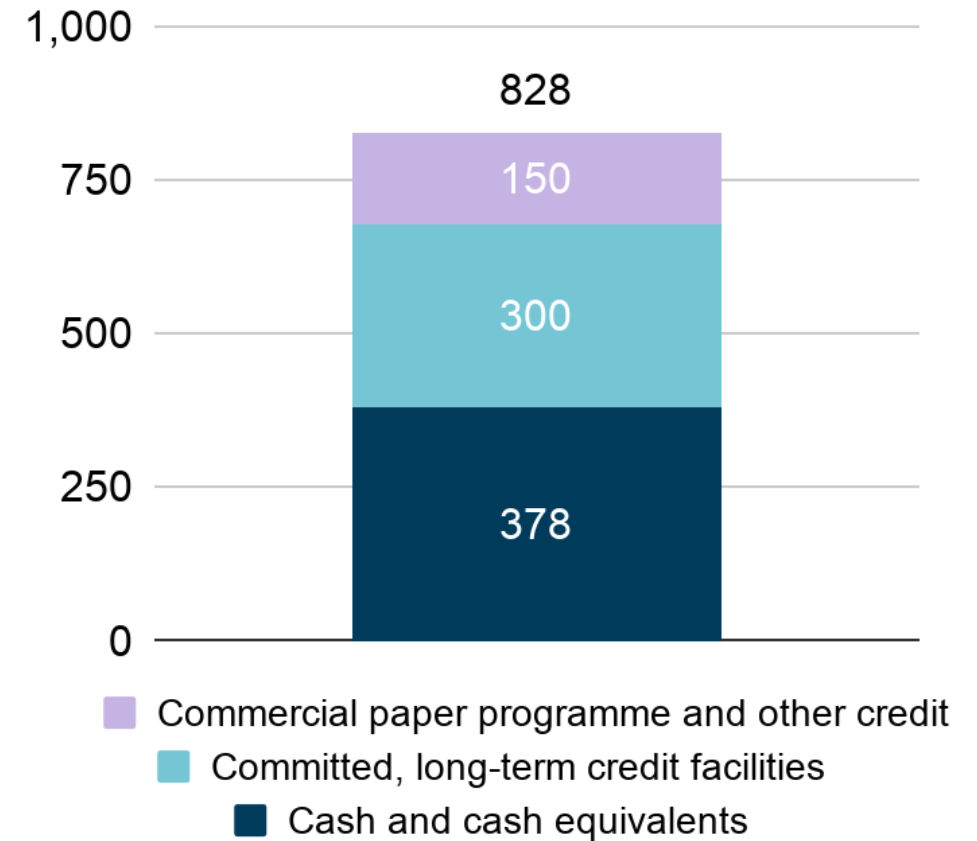
Strong financial position and liquidity

Net debt & gearing
MEUR



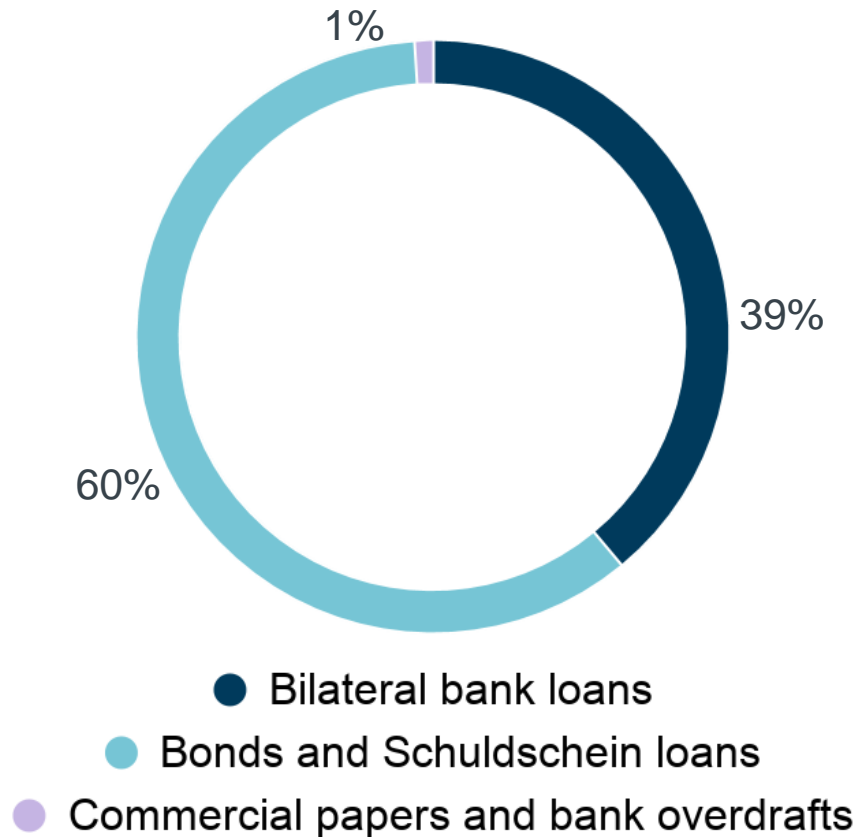
*Cargotec adopted the IFRS 16 standard on 1 Jan 2019.

Total liquidity, 30 September 2020

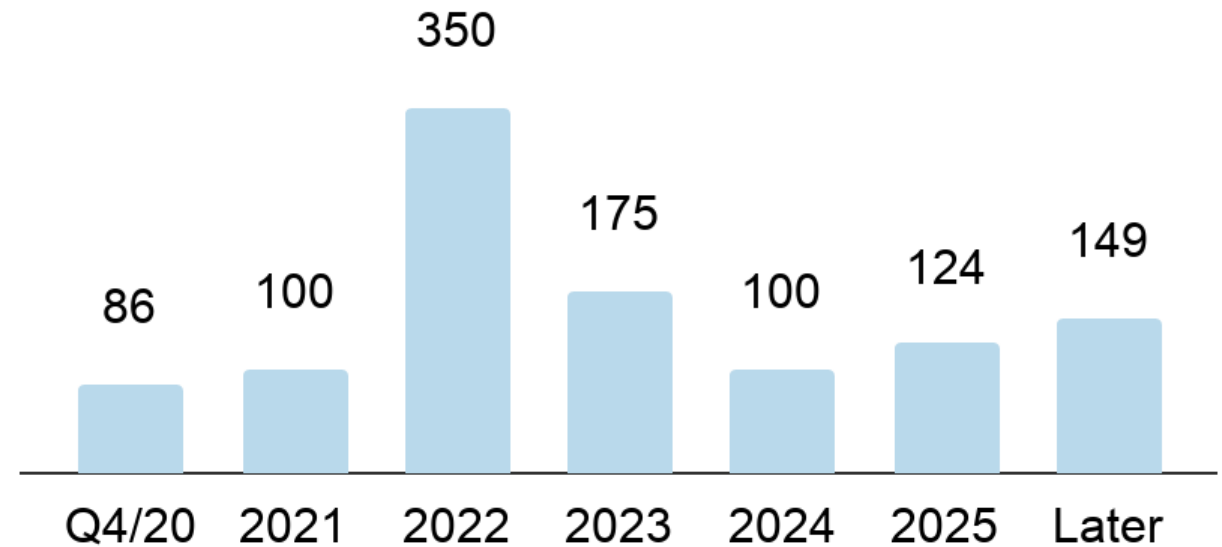


Balanced debt portfolio

Loan structure, 30 September 2020



Repayment schedule of interest-bearing liabilities excluding finance lease
MEUR



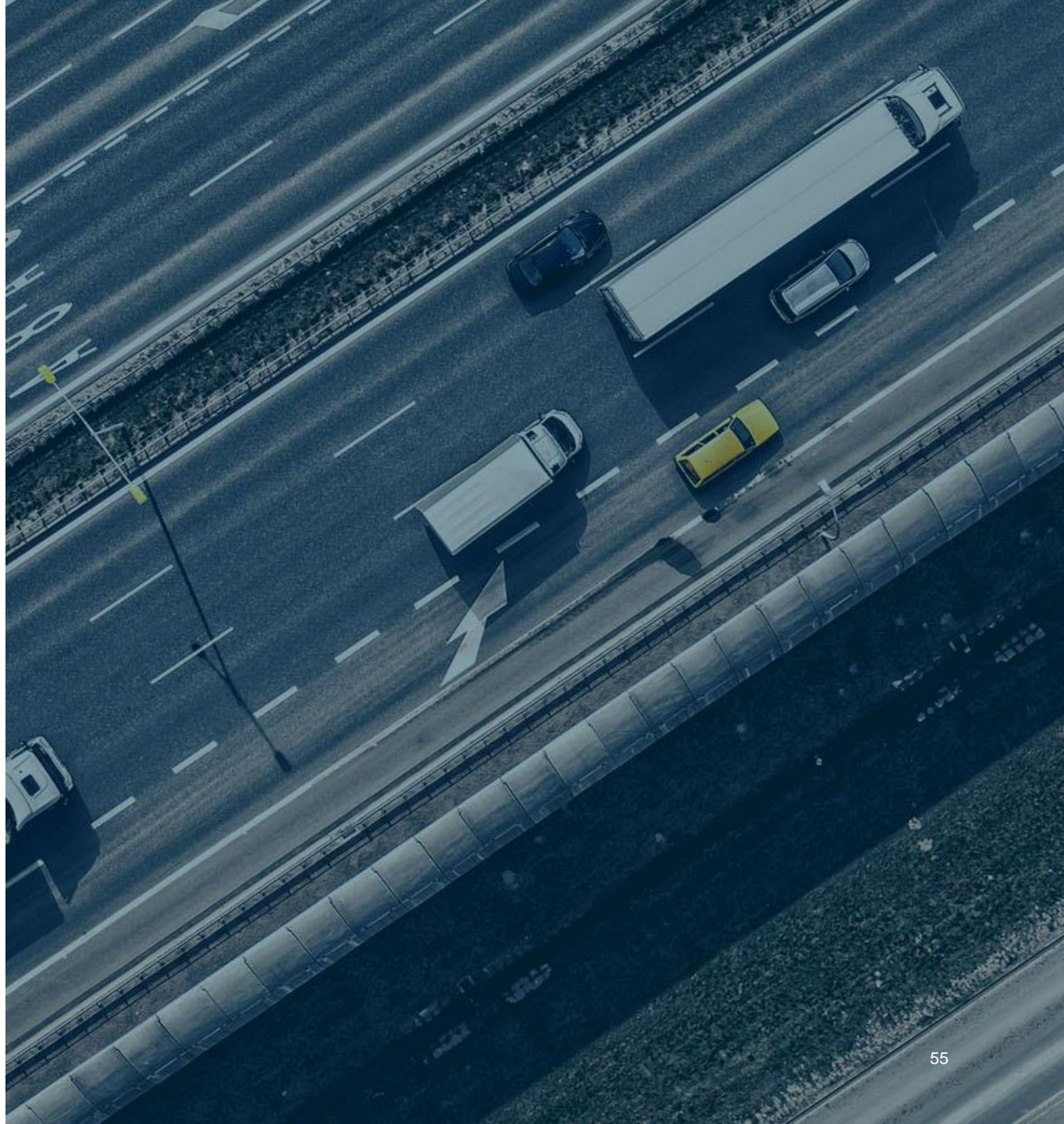
Outlook for 2020

Cargotec estimates H2/2020 comparable operating profit to increase compared to H1/2020 (EUR 82.9 million).



Appendix

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



Largest shareholders

30 September 2020

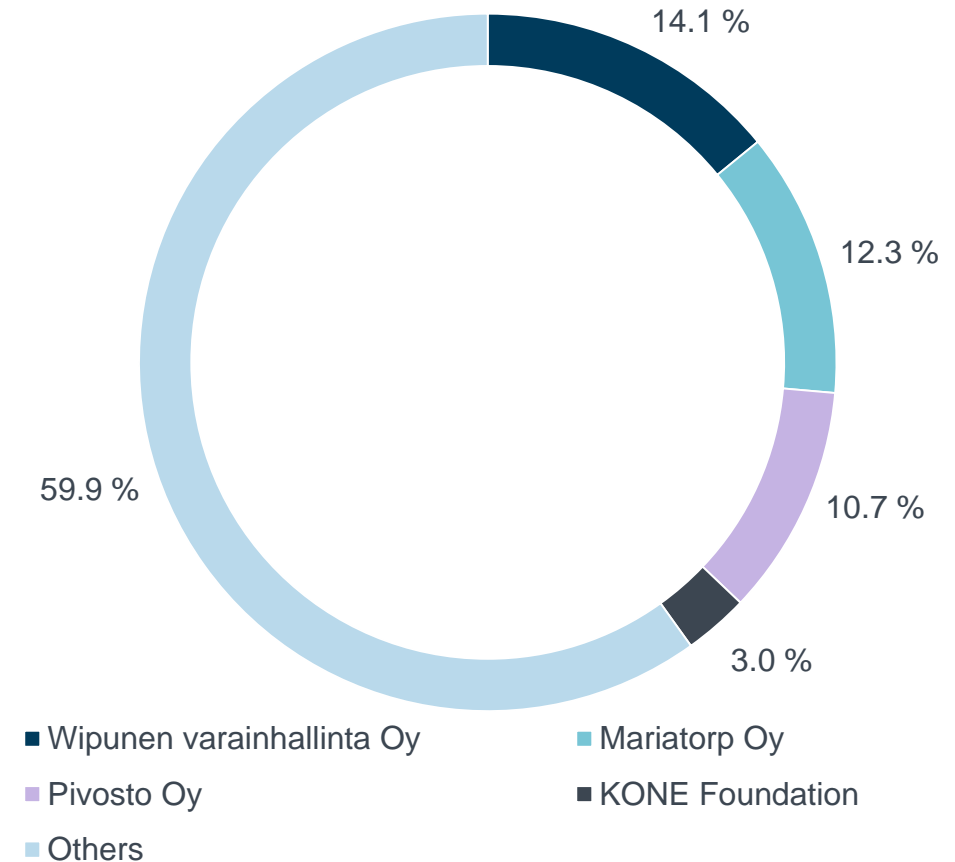
		% of shares	% of votes
1.	Wipunen varainhallinta Oy	14.1	23.7
2.	Mariatorp Oy	12.3	22.9
3.	Pivosto Oy	10.7	22.2
4.	KONE Foundation	3.0	5.5
5.	Ilmarinen Mutual Pension Insurance Company	2.4	1.0
6.	The State Pension Fund	1.2	0.5
7.	Elo Mutual Pension Insurance Company	1.2	0.5
8.	Varma Mutual Pension Insurance Company	1.0	0.4
9.	Mandatum Life Insurance Company Ltd.	0.9	0.4
10.	Herlin Heikki Juho Kustaa	0.6	0.3
Nominee registered and non-Finnish holders		24.49	

Total number of shareholders

37,120



% 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



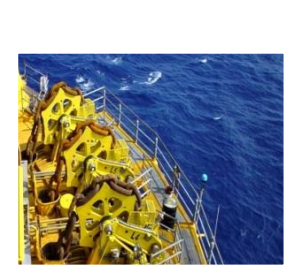
Automatic stacking crane



Recycling and forestry cranes



Deck machinery

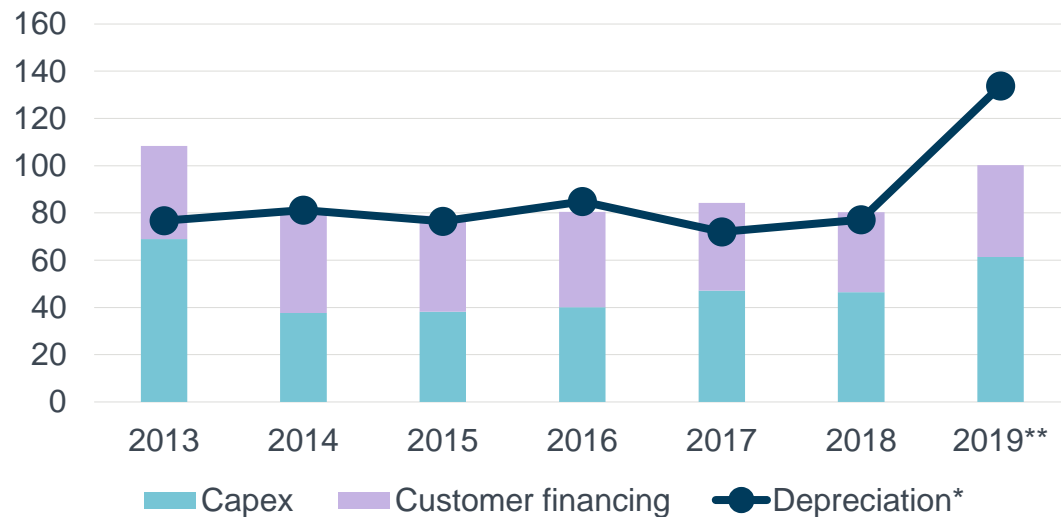


Mooring systems



Capex and R&D

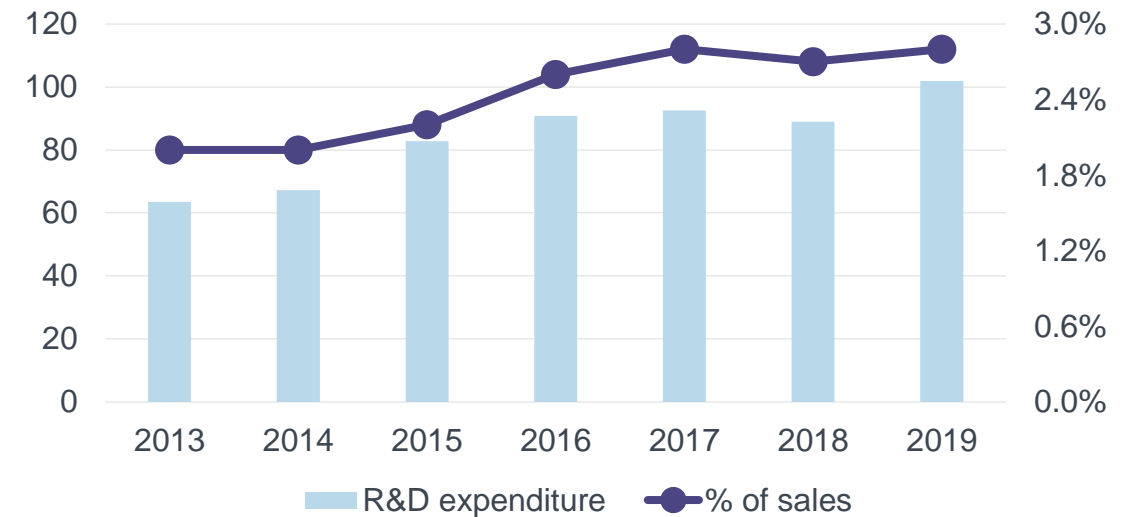
Capital expenditure



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

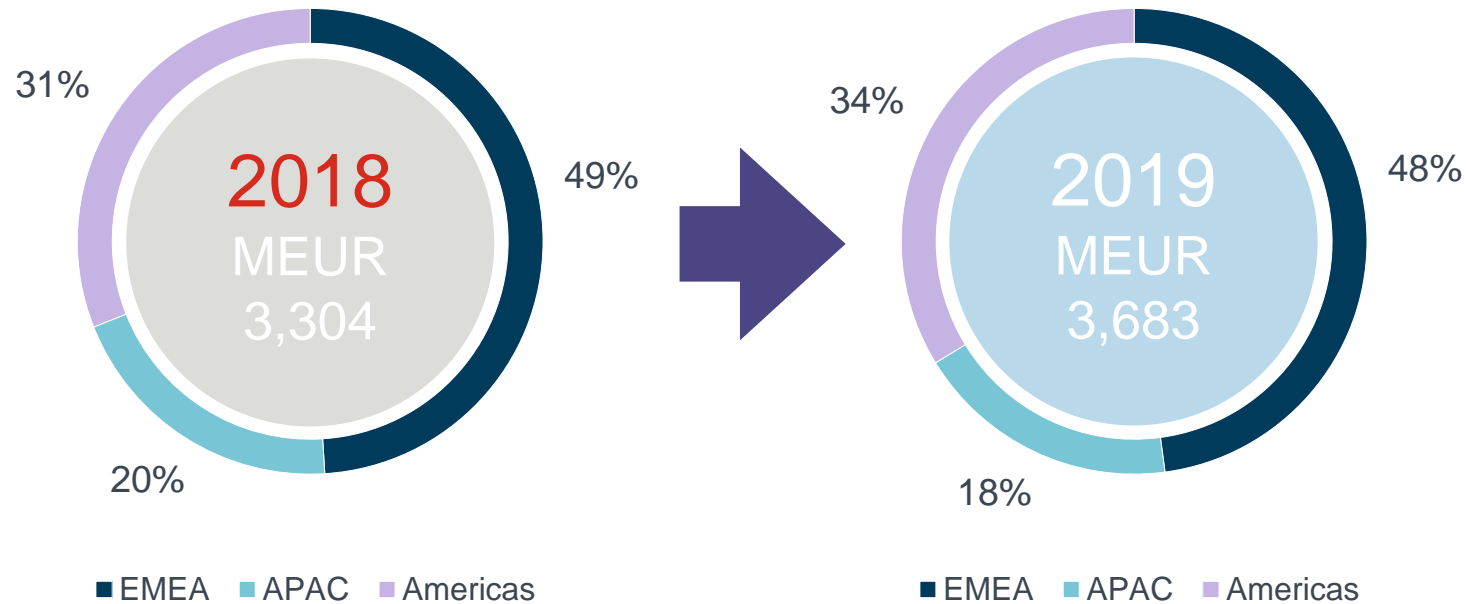


R&D investments focused on

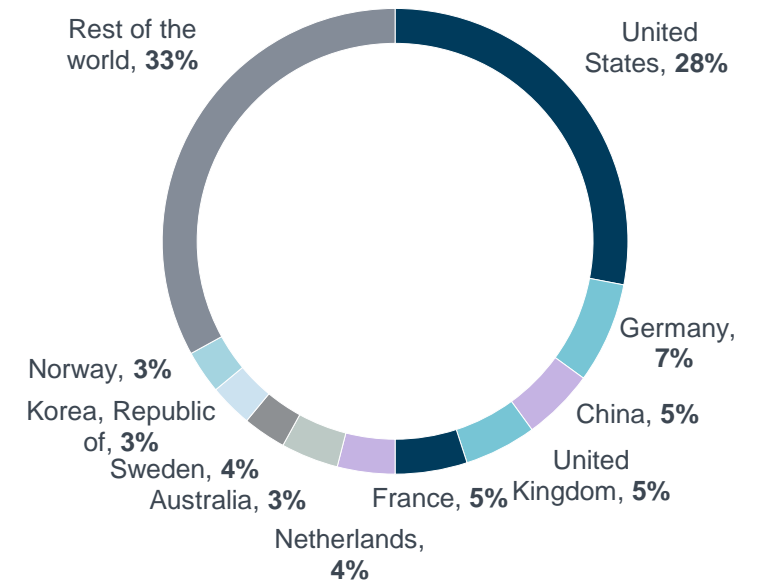
- Digitalisation
- Competitiveness, cost efficiency and eco-efficiency of products

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

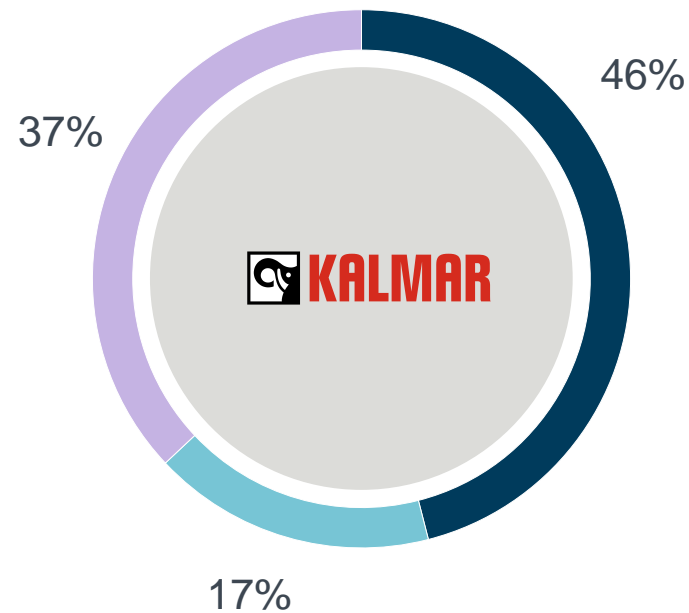
Well diversified geographical sales mix



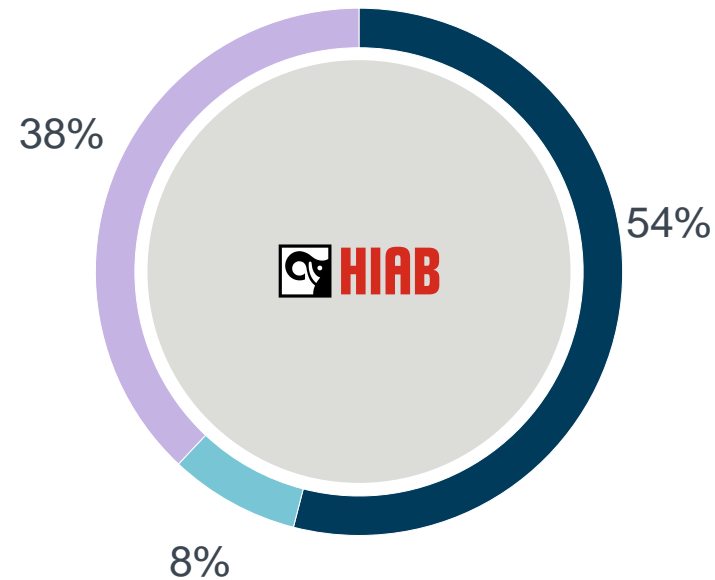
Top-10 countries by customer location



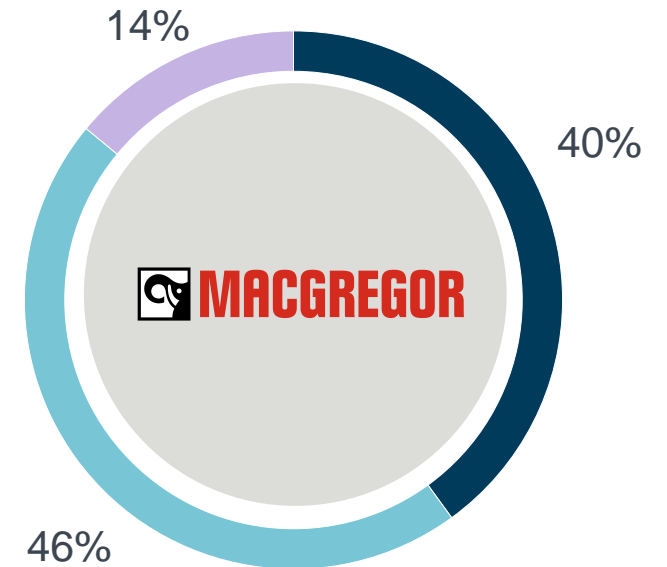
Sales by geographical segment by business area 2019



■ 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.)
- Zaragoza, Spain (Hiab prod.)
- Hamburg, Germany (MacGregor R&D)
- Gdansk, Poland (MacGregor R&D + WS)
- 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.)
- Tampere, Finland (Kalmar WS + R&D)
- Ljungby, Sweden (Kalmar R&D)

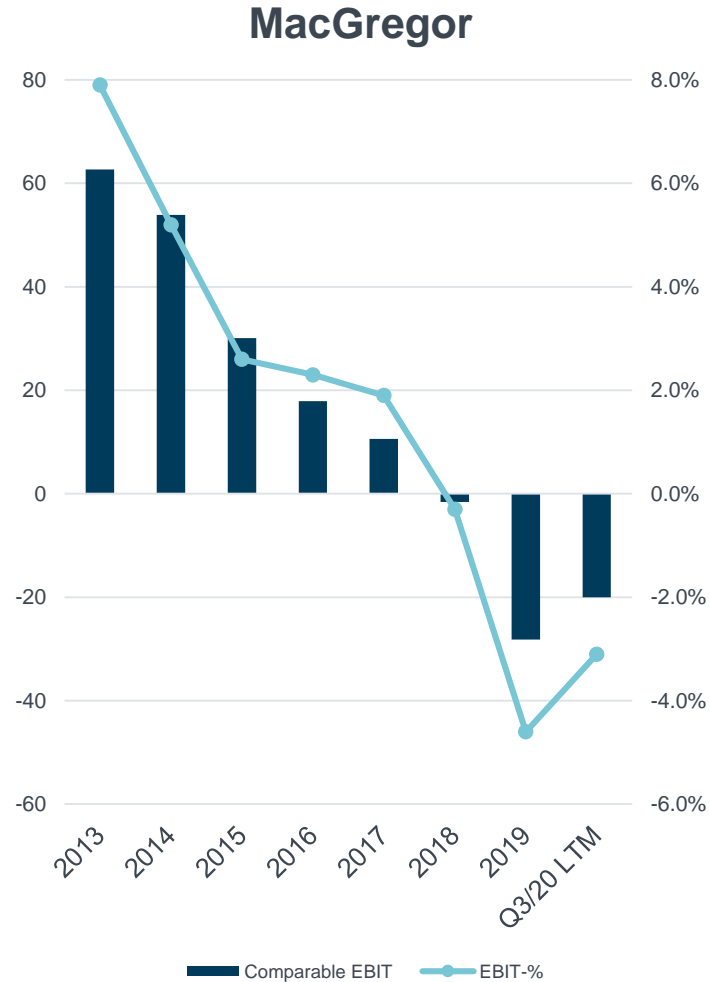
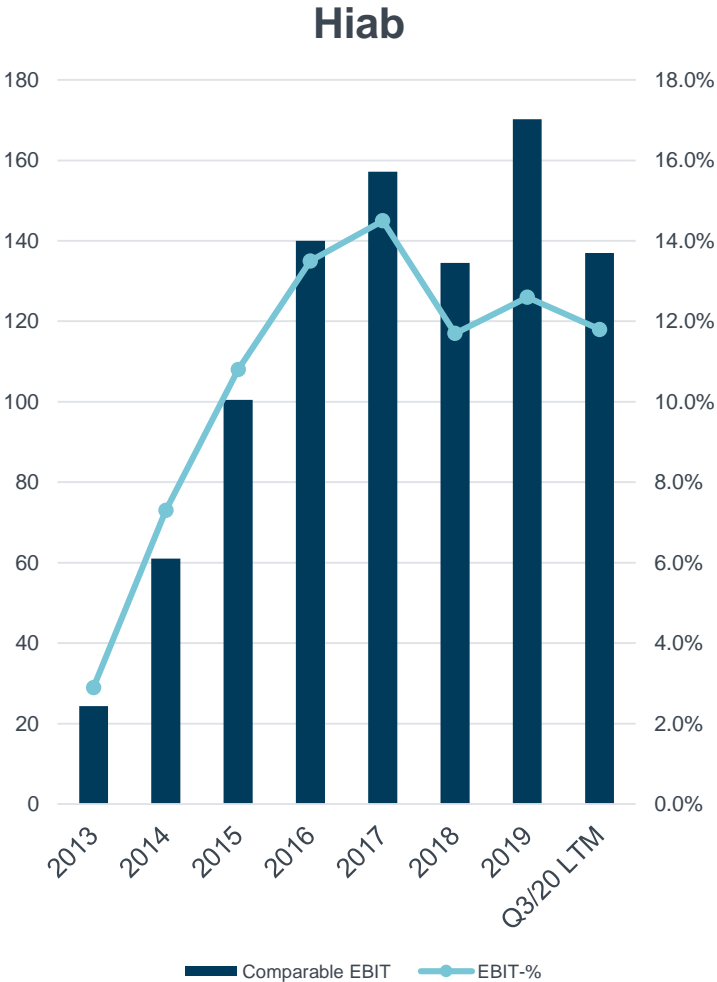
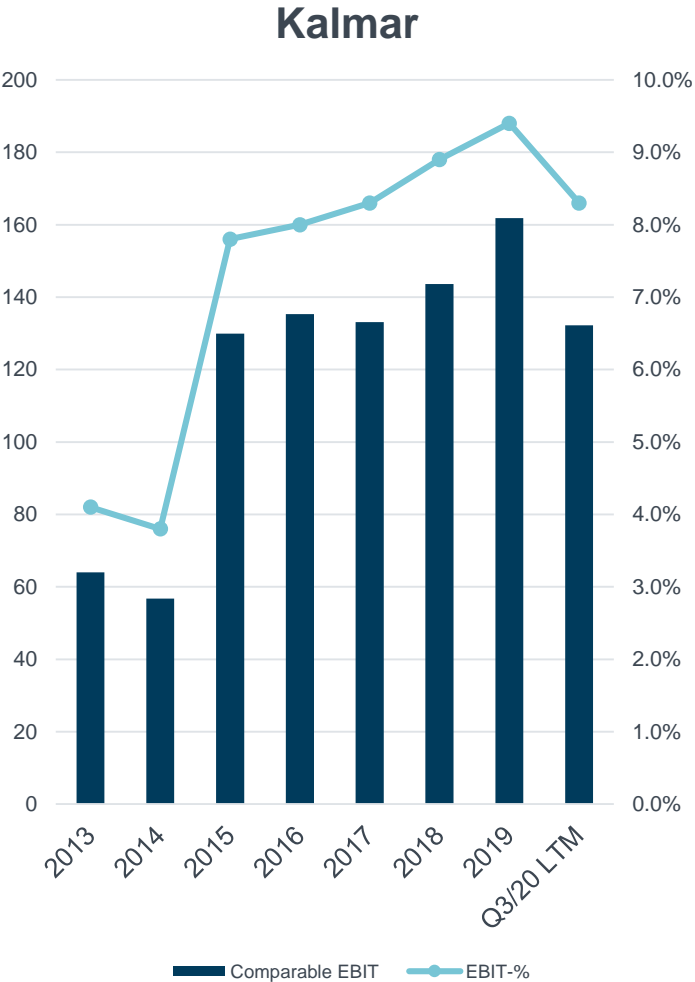
APAC

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

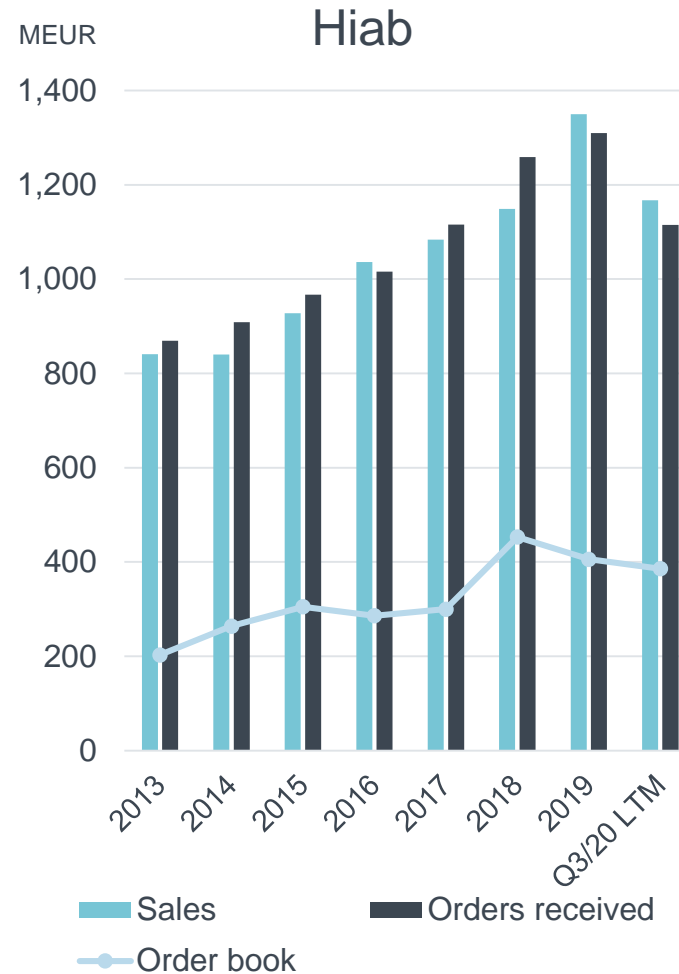
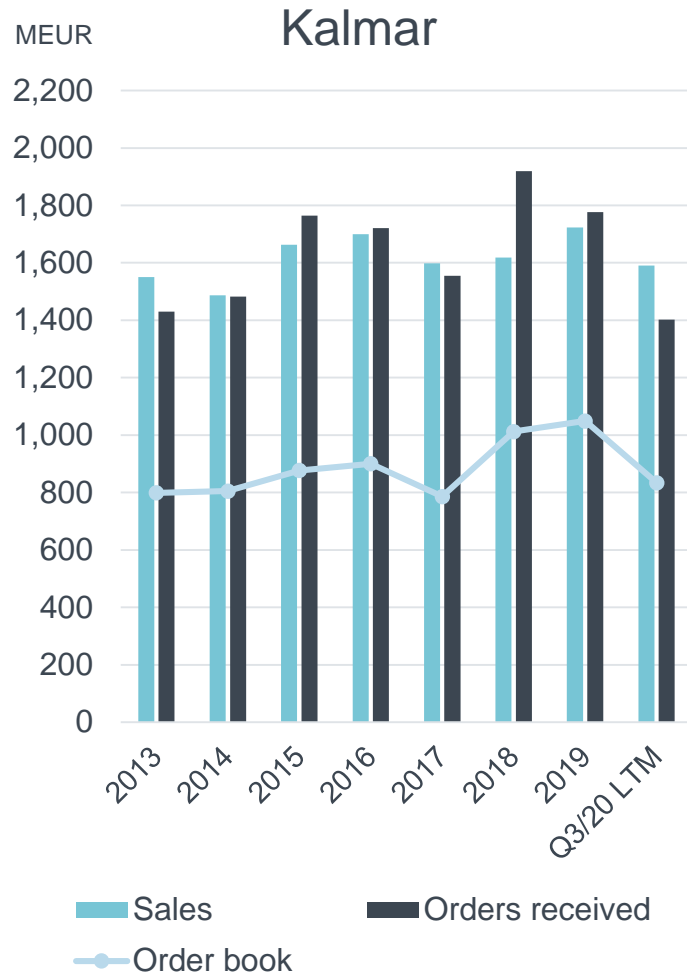
Americas

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

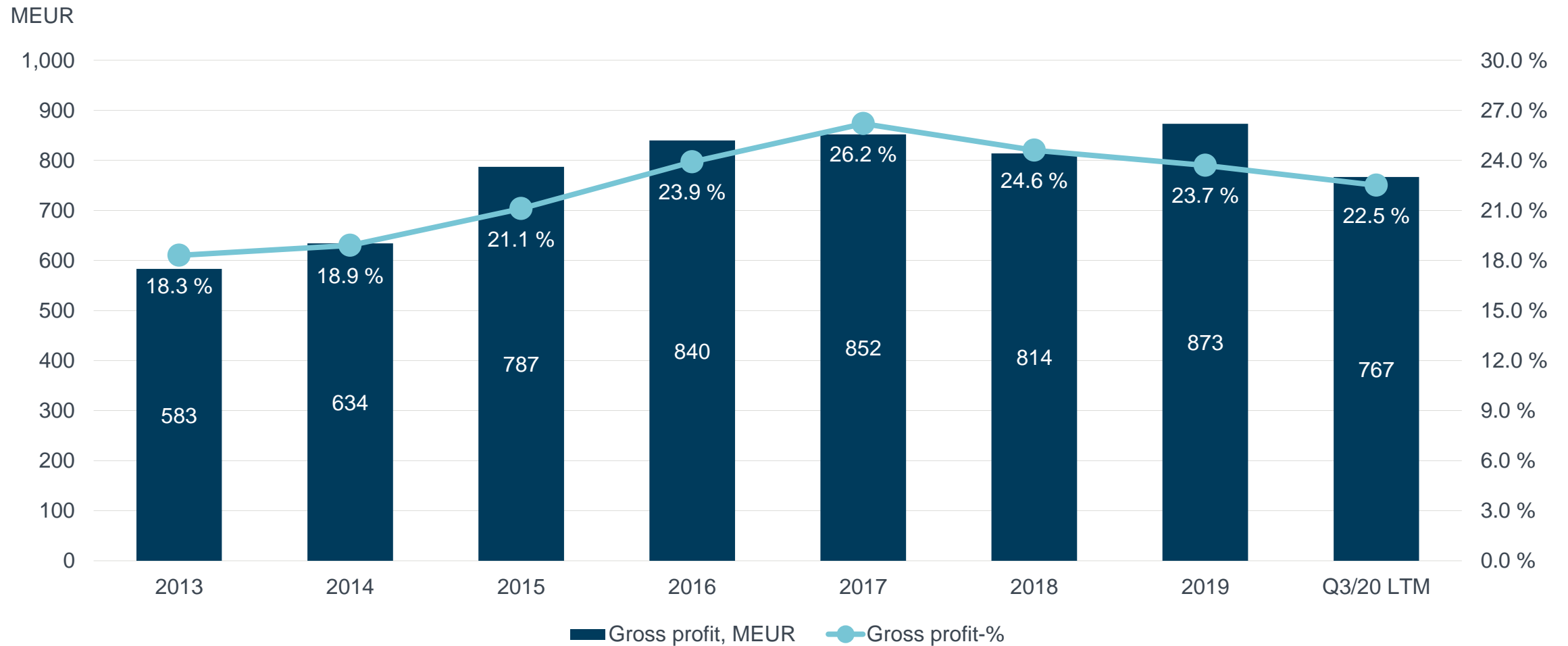
Comparable operating profit development



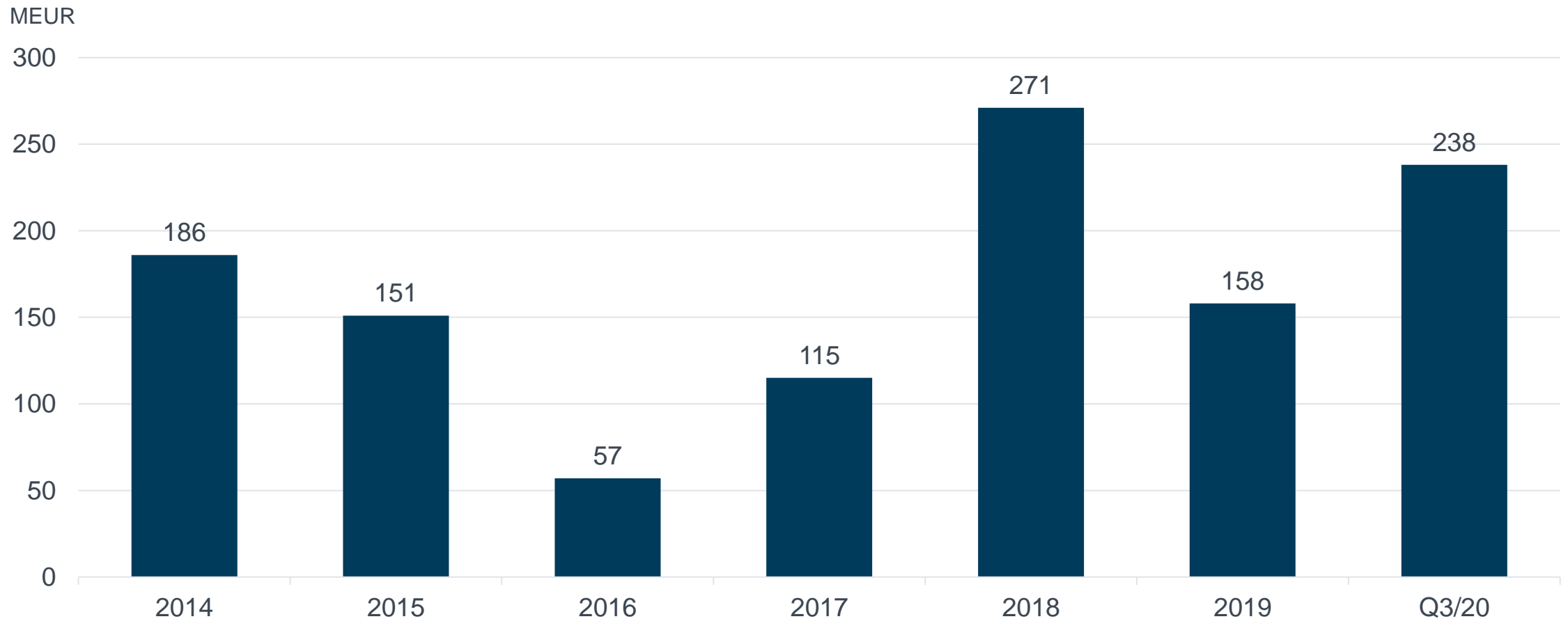
Sales and orders received development



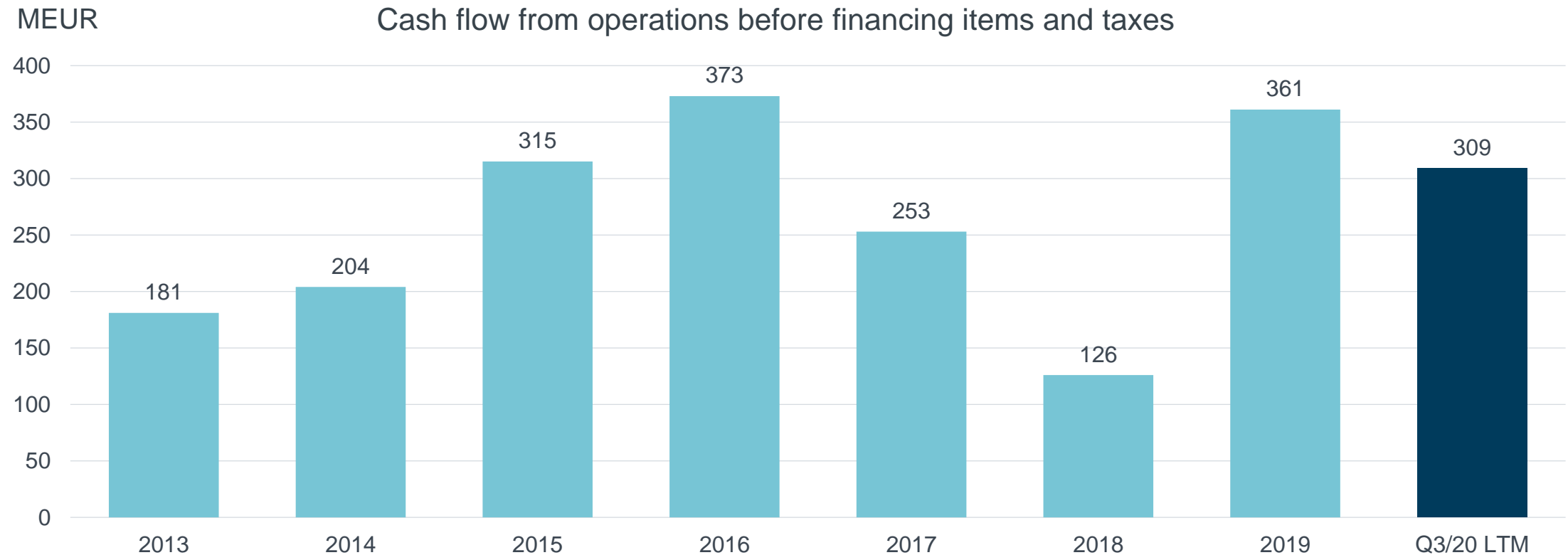
Gross profit development



Net working capital increased due to decrease in accounts payable and in advances received



Cash flow from operations development



Income statement

Q3 2020

MEUR	Note	Q3/20	Q3/19	Q1-Q3/20	Q1-Q3/19	2019
Sales	5	776.6	901.3	2,390.6	2,668.6	3,683.4
Cost of goods sold		-602.0	-691.1	-1,863.1	-2,035.2	-2,810.3
Gross profit		174.5	210.2	527.5	633.4	873.1
<i>Gross profit, %</i>		22.5%	23.3%	22.1%	23.7%	23.7%
Other operating income		13.3	8.4	39.7	24.8	33.5
Selling and marketing expenses		-44.6	-56.5	-148.0	-175.8	-238.4
Research and development expenses		-22.2	-23.7	-78.6	-75.2	-105.6
Administration expenses		-56.8	-61.8	-176.2	-193.2	-269.3
Restructuring costs	7	-12.6	-10.0	-91.1	-26.6	-80.1
Other operating expenses		-8.0	-7.7	-25.1	-23.3	-33.8
Costs and expenses		-130.9	-151.3	-479.3	-469.4	-693.7
Share of associated companies' and joint ventures' net income		2.1	-1.0	4.6	-2.1	0.6
Operating profit		45.8	57.9	52.8	162.0	180.0
<i>Operating profit, %</i>		5.9%	6.4%	2.2%	6.1%	4.9%
Financing income		0.2	1.5	2.4	3.6	4.0
Financing expenses		-7.7	-9.3	-25.3	-27.9	-38.1
Income before taxes		38.3	50.0	29.9	137.7	145.9
<i>Income before taxes, %</i>		4.9%	5.6%	1.3%	5.2%	4.0%
Income taxes	9	-11.7	-20.3	-28.5	-48.0	-56.5
Net income for the period		26.6	29.7	1.4	89.7	89.4
<i>Net income for the period, %</i>		3.4%	3.3%	0.1%	3.4%	2.4%

Net income for the period attributable to:

Equity holders of the parent		26.6	29.7	1.6	89.6	89.4
Non-controlling interest		0.0	0.0	-0.2	0.1	0.0
Total		26.6	29.7	1.4	89.7	89.4

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

Earnings per share, EUR		0.41	0.46	0.03	1.39	1.39
Diluted earnings per share, EUR		0.41	0.46	0.03	1.39	1.39

Balance sheet 30 Sept 2020

ASSETS, MEUR	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
Non-current assets				
Goodwill		1,025.4	1,041.9	1,058.5
Other intangible assets		258.1	299.1	296.1
Property, plant and equipment		446.4	471.0	489.7
Investments in associated companies and joint ventures	16	53.7	112.6	120.8
Share investments	16	38.4	0.3	0.3
Loans receivable and other interest-bearing assets*	11	26.6	28.2	29.1
Deferred tax assets		125.5	128.1	131.2
Derivative assets	12	0.0	-	-
Other non-interest-bearing assets		11.5	9.9	10.3
Total non-current assets		1,985.6	2,091.2	2,136.0
Current assets				
Inventories		704.2	834.0	713.0
Loans receivable and other interest-bearing assets*	11	1.5	1.2	1.3
Income tax receivables		27.8	41.1	24.1
Derivative assets	12	13.7	10.9	8.5
Accounts receivable and other non-interest-bearing assets		801.6	878.1	924.3
Cash and cash equivalents*	11	378.0	388.2	420.2
Total current assets		1,926.9	2,153.5	2,091.4
Total assets		3,912.4	4,244.6	4,227.4

EQUITY AND LIABILITIES, MEUR	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
Equity attributable to the equity holders of the parent				
Share capital		64.3	64.3	64.3
Share premium account		98.0	98.0	98.0
Translation differences		-102.7	-24.4	-33.2
Fair value reserves		-5.3	-20.4	-9.1
Reserve for invested non-restricted equity		57.4	57.4	57.4
Retained earnings		1,180.3	1,258.8	1,247.1
Total equity attributable to the equity holders of the parent		1,291.9	1,433.6	1,424.5
Non-controlling interest		2.3	2.8	2.8
Total equity		1,294.2	1,436.5	1,427.3
Non-current liabilities				
Interest-bearing liabilities*	11	1,082.9	967.5	953.3
Deferred tax liabilities		40.1	33.5	39.1
Pension obligations		110.8	93.5	110.4
Provisions		6.4	7.8	7.0
Derivative liabilities	12	0.0	-	-
Other non-interest-bearing liabilities		64.0	64.5	66.0
Total non-current liabilities		1,304.2	1,166.8	1,175.8
Current liabilities				
Current portion of interest-bearing liabilities*	11	141.6	230.2	233.0
Other interest-bearing liabilities*	11	32.9	146.8	38.1
Provisions		99.0	92.7	114.3
Advances received		242.5	258.4	306.3
Income tax payables		19.0	16.9	21.1
Derivative liabilities	12	8.9	22.6	11.8
Accounts payable and other non-interest-bearing liabilities		770.2	873.8	899.8
Total current liabilities		1,314.0	1,641.4	1,624.3
Total equity and liabilities		3,912.4	4,244.6	4,227.4

*Included in interest-bearing net debt.

Cash flow statement

Q3 2020

MEUR	Q3/20	Q3/19	Q1-Q3/20	Q1-Q3/19	2019
Net cash flow from operating activities					
Net income for the period	26.6	29.7	1.4	89.7	89.4
Depreciation, amortisation and impairment	33.4	32.1	108.2	90.2	133.8
Financing items	7.5	7.9	22.8	24.3	34.1
Taxes	11.7	20.3	28.5	48.0	56.5
Change in net working capital	-2.9	-10.3	-88.0	-100.7	50.4
Other adjustments	-2.2	1.0	27.5	1.6	-3.2
Cash flow from operations before financing items and taxes	74.1	80.8	100.5	153.1	361.1
Cash flow from financing items and taxes	-20.6	-13.2	-50.8	-69.2	-57.6
Net cash flow from operating activities	53.5	67.5	49.7	83.8	303.5
Net cash flow from investing activities					
Acquisitions of businesses, net of cash acquired	-0.2	-103.0	-11.8	-107.0	-109.5
Disposals of businesses, net of cash sold	0.7	-	2.0	-	0.3
Cash flow from investing activities, other items	-4.9	-6.2	-15.1	-30.6	-41.4
Net cash flow from investing activities	-4.5	-109.2	-24.9	-137.5	-150.6
Net cash flow from financing activities					
Treasury shares acquired	-	-	-	-2.2	-2.2
Repayments of lease liabilities	-11.0	-11.3	-32.9	-32.0	-45.5
Proceeds from long-term borrowings	-	248.2	249.5	298.2	298.1
Repayments of long-term borrowings	-0.0	-0.0	-198.6	-151.8	-168.3
Proceeds from short-term borrowings	17.6	155.1	99.6	270.1	271.6
Repayments of short-term borrowings	-70.2	-105.0	-100.9	-145.0	-257.8
Profit distribution	-39.0	-	-74.2	-35.6	-71.0
Net cash flow from financing activities	-102.6	286.9	-57.4	201.6	24.9
Change in cash and cash equivalents	-53.6	245.2	-32.6	147.9	177.8
Cash and cash equivalents, and bank overdrafts at the beginning of period	429.0	131.4	409.8	225.5	225.5
Effect of exchange rate changes	-5.6	3.7	-7.5	7.0	6.6
Cash and cash equivalents, and bank overdrafts at the end of period	369.8	380.3	369.8	380,3	409.8
Bank overdrafts at the end of period	8.3	7.8	8.3	7.8	10.4
Cash and cash equivalents at the end of period	378.0	388.2	378.0	388.2	420.2

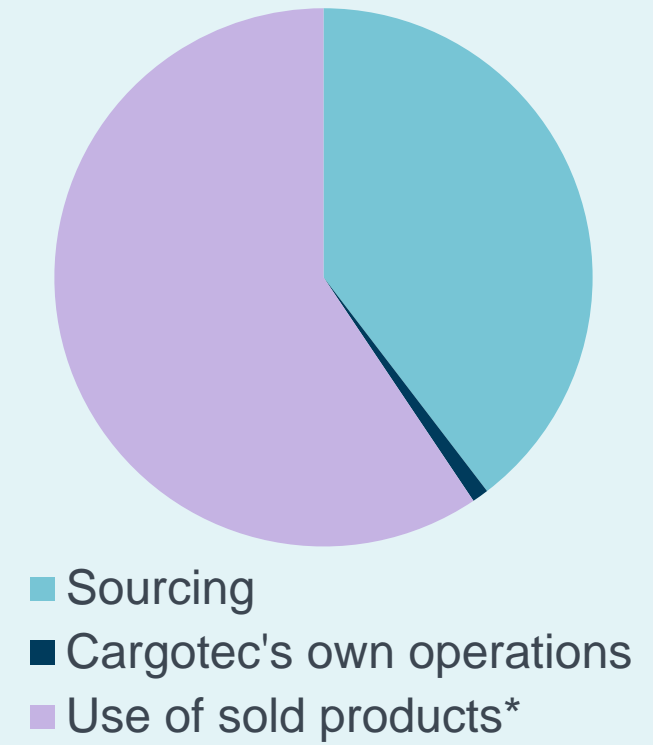


Sustainability as a driver for future growth

Climate solutions is our focus area in sustainability



Greenhouse gas emissions*



LIFETIME SAVINGS OF KALMAR'S ELECTRIC TERMINAL TRACTOR

179

CARS OFF
THE ROAD FOR A YEAR



-389

TONS CO₂



1.5

Let's reduce CO₂ 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

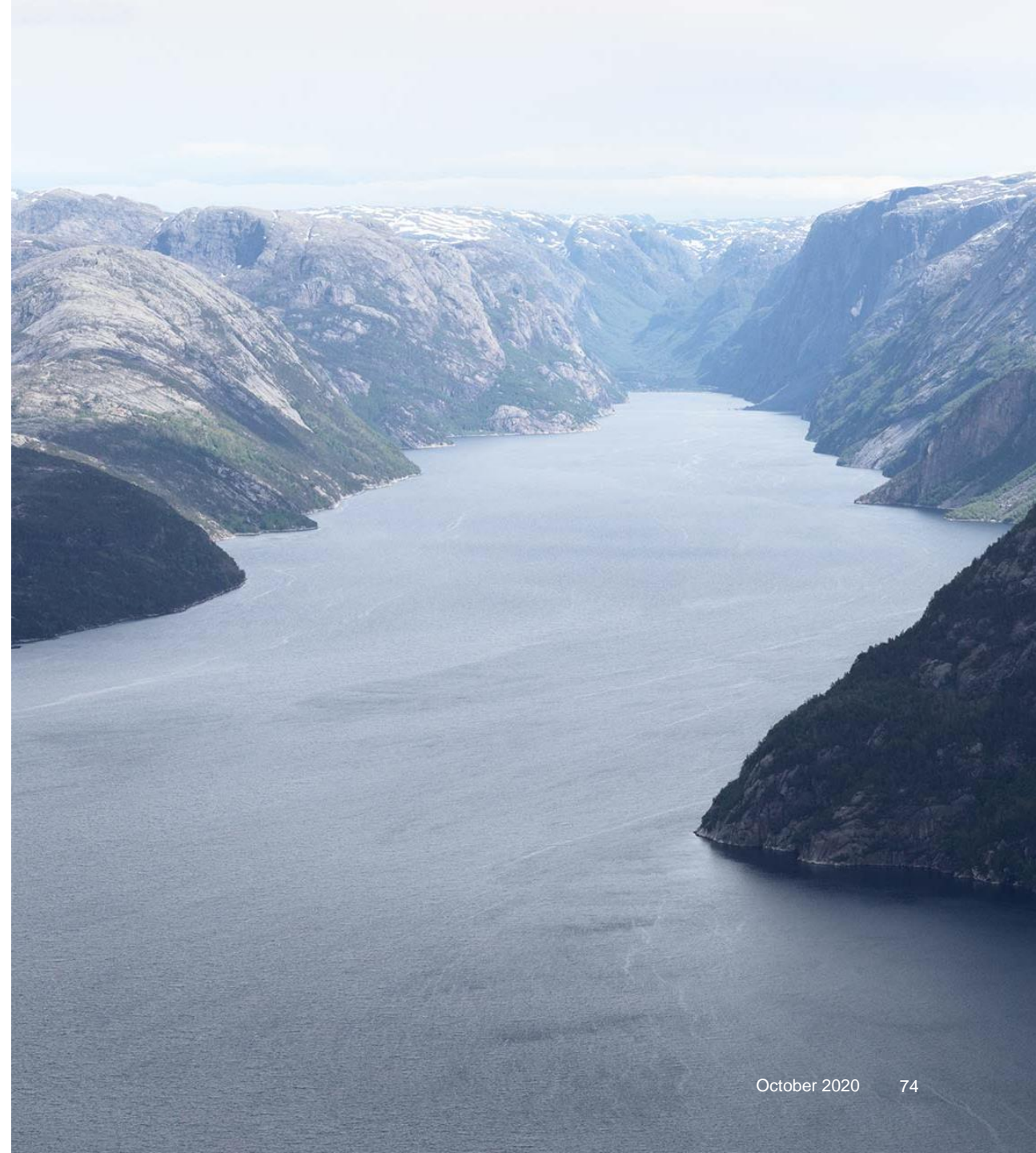
- Inefficient industry with potential to improve

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



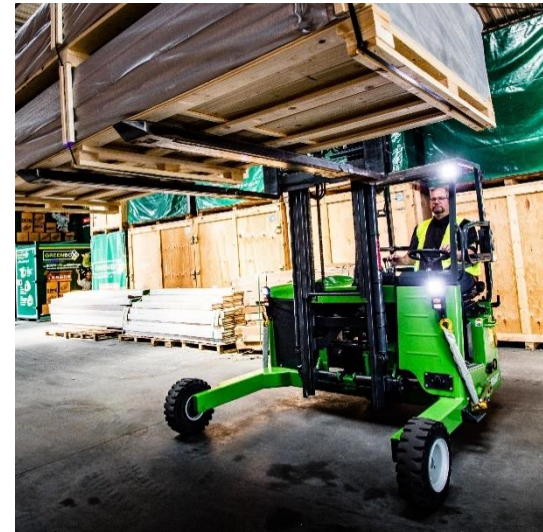
- Visibility to identify inefficient use of resources and fuel
- Software and design system

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

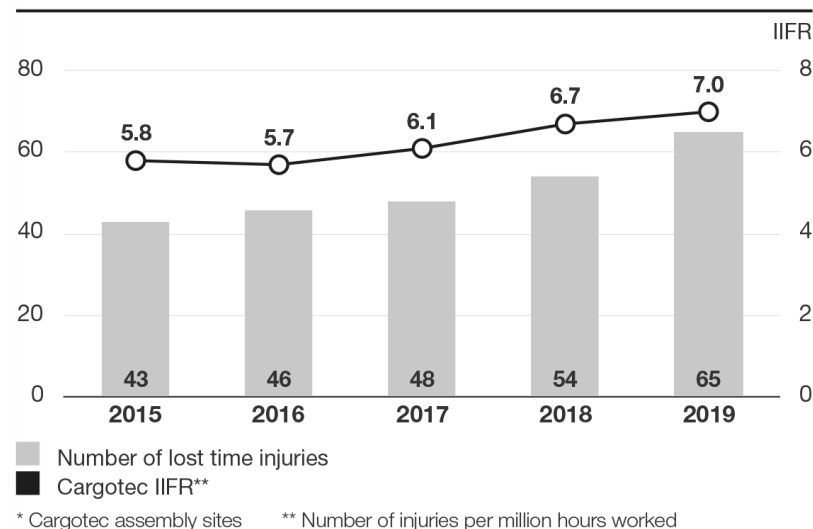
Code of Conduct panel and case investigation process in place

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*

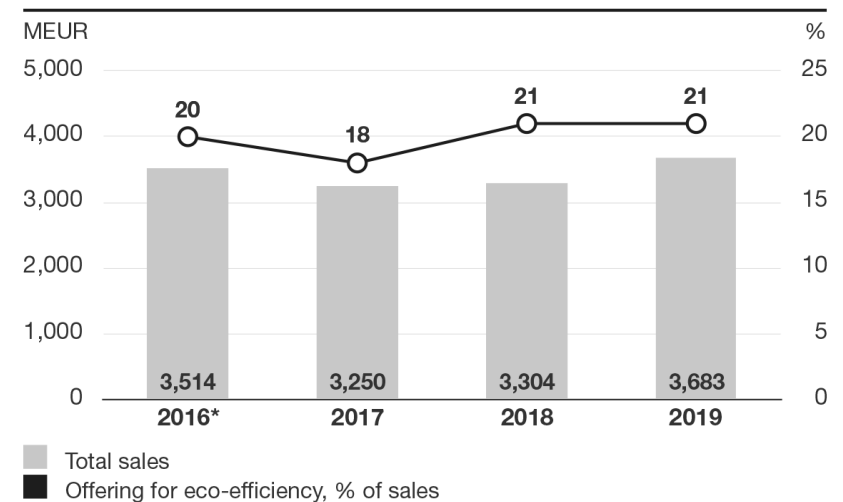


33% of our electricity use from certified renewable sources

Offering for eco-efficiency 21% of total sales

Strategy formulation for managing climate-related risks and opportunities initiated

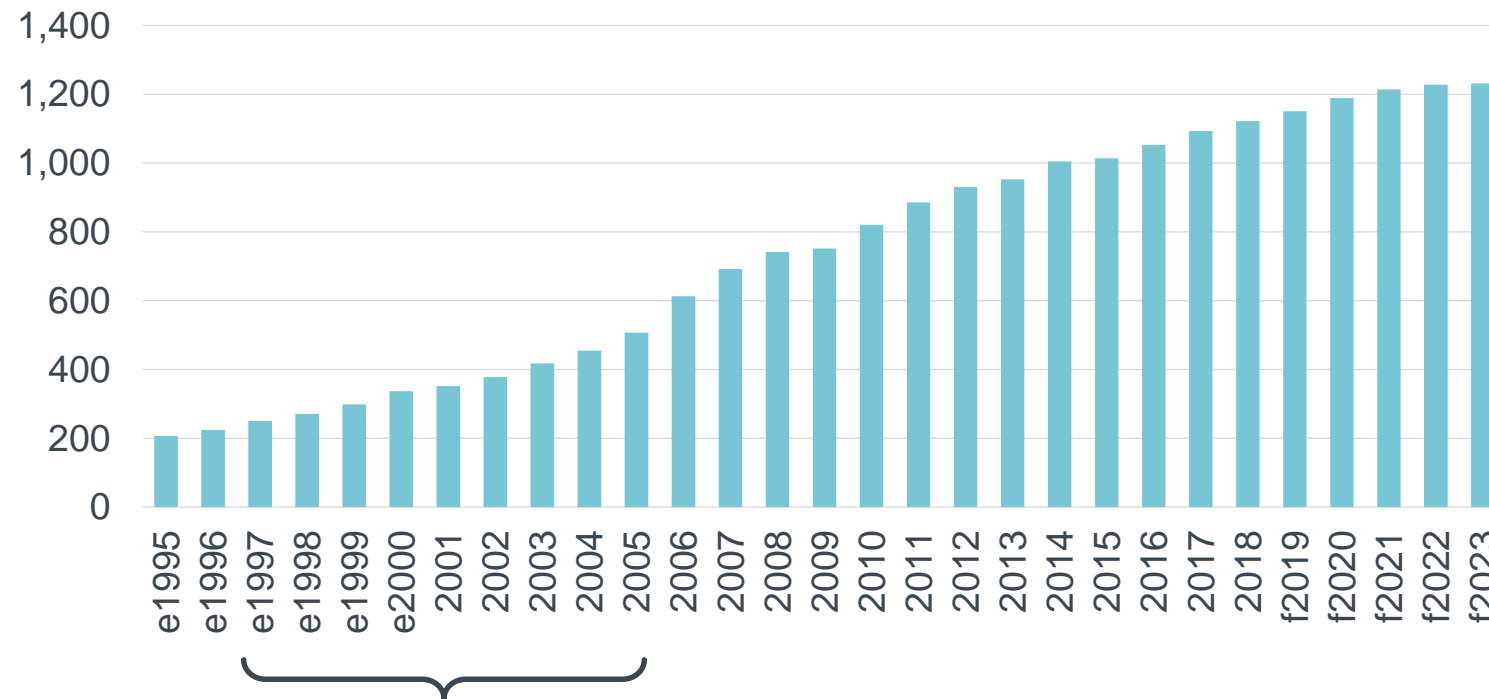
OFFERING FOR ECO-EFFICIENCY



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.

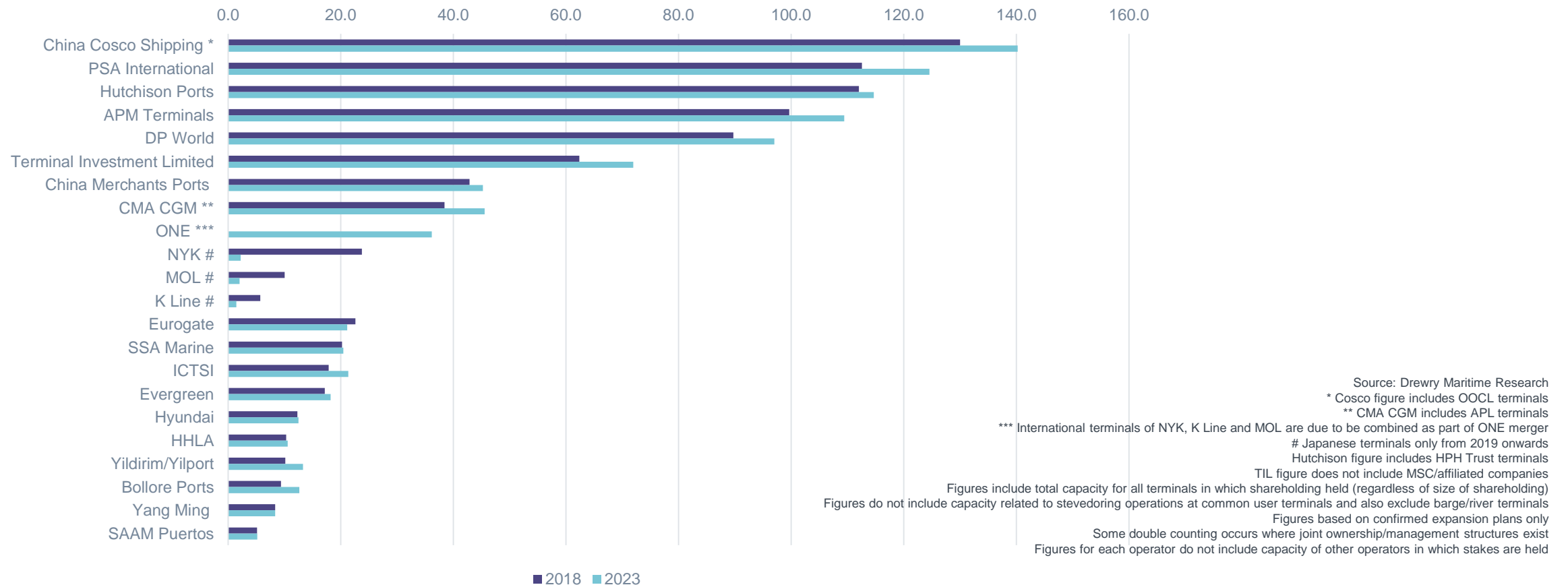
Average lifetime of type of equipment:

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

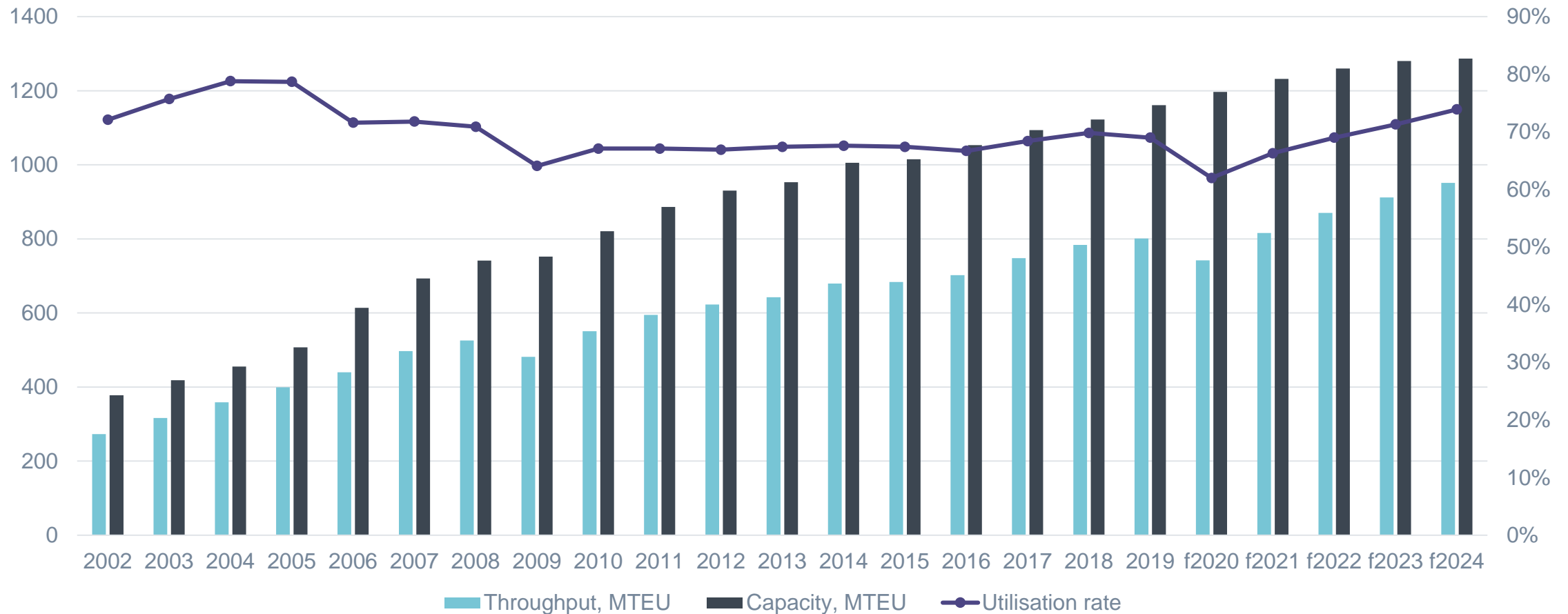
Source: Drewry reports: Global Container Terminal Operators 2001-2016 Note: 1995-2000 capacity is estimation based on the assumption that the utilisation rate has been between 70-72% in that period. 2019-2023 forecast based on Drewry's Global container terminal operators report, published in Q4/2019

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

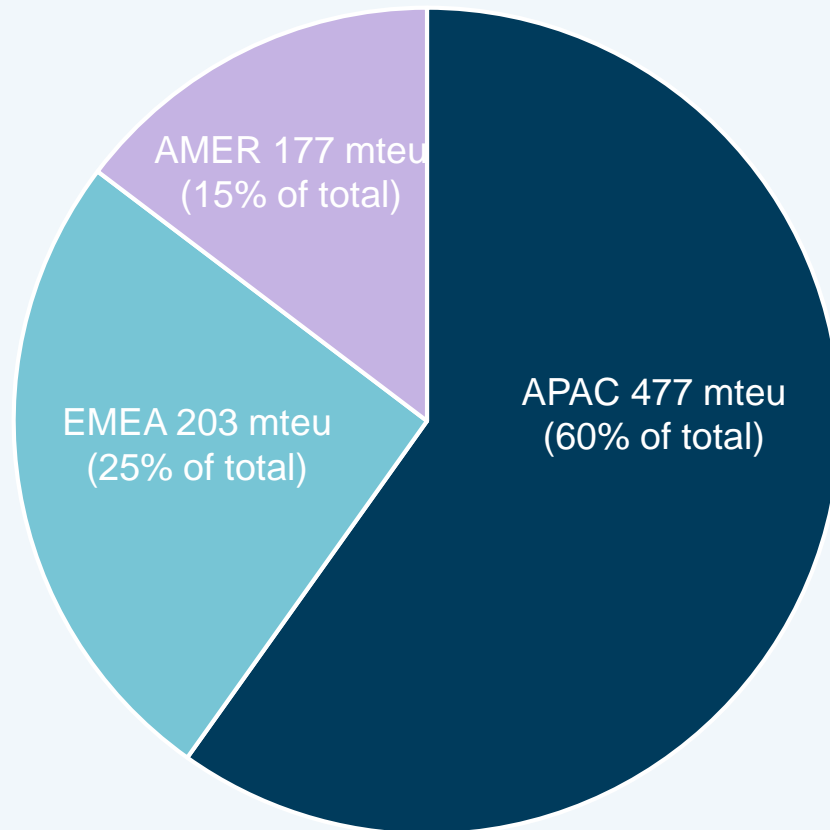
Global/international terminal operators' capacity development, 2018-2023 (MTEU)



Global container throughput and capacity development



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



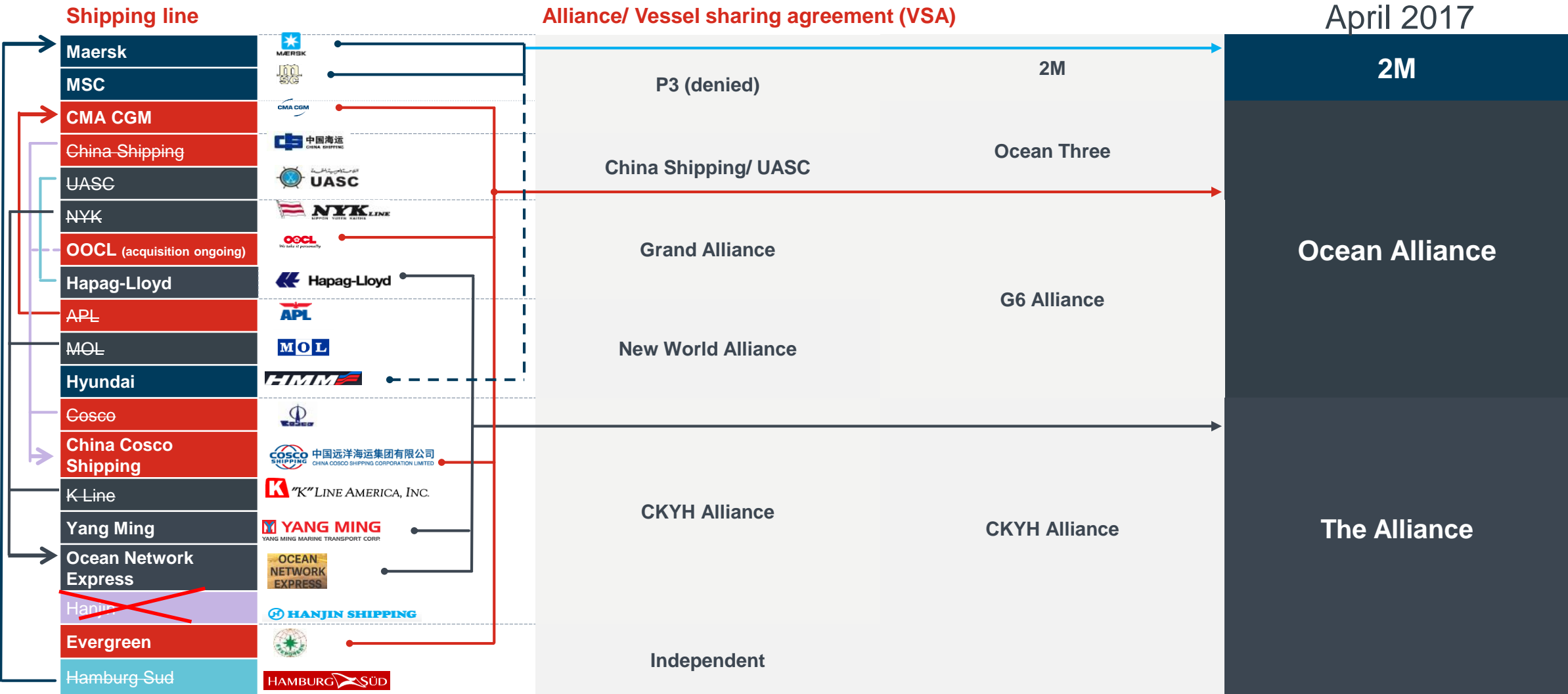
Source: Drewry container forecaster Q4 2019

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

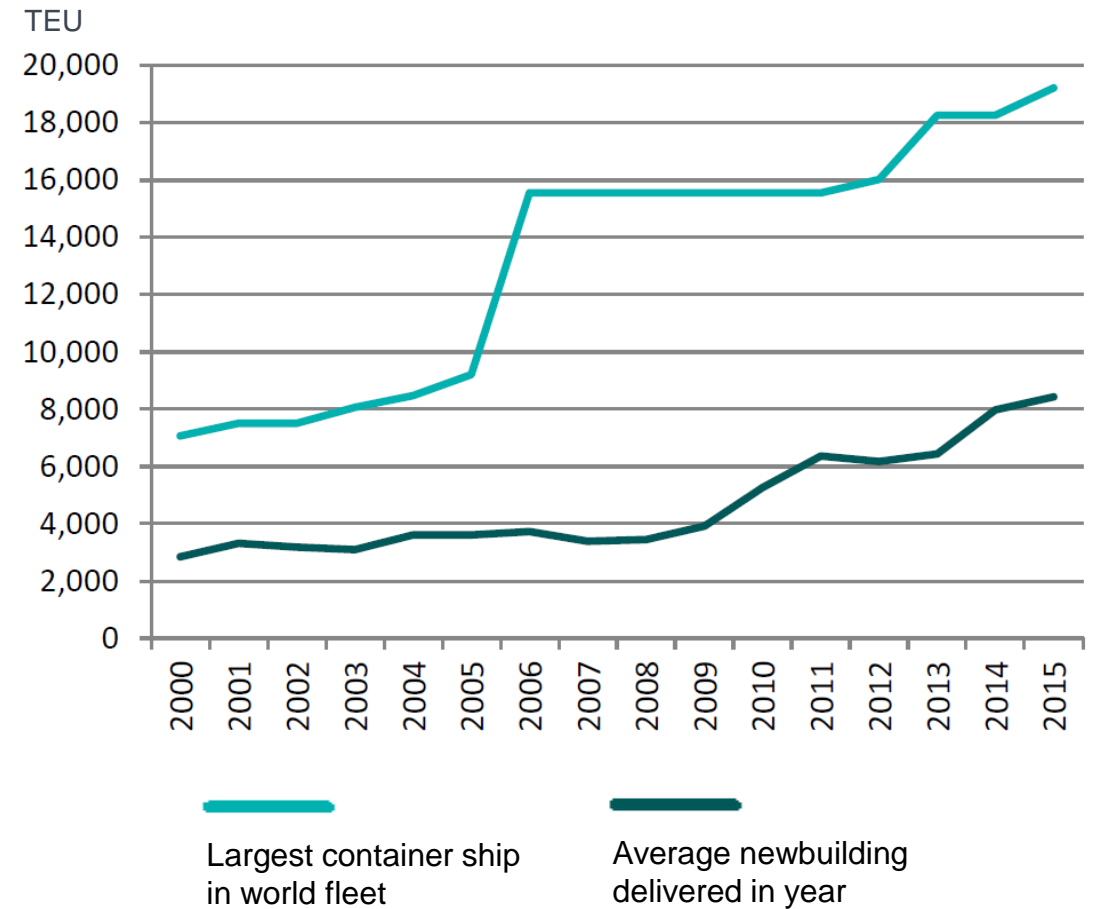


Total: 17
(9 after further
consolidations)

- 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

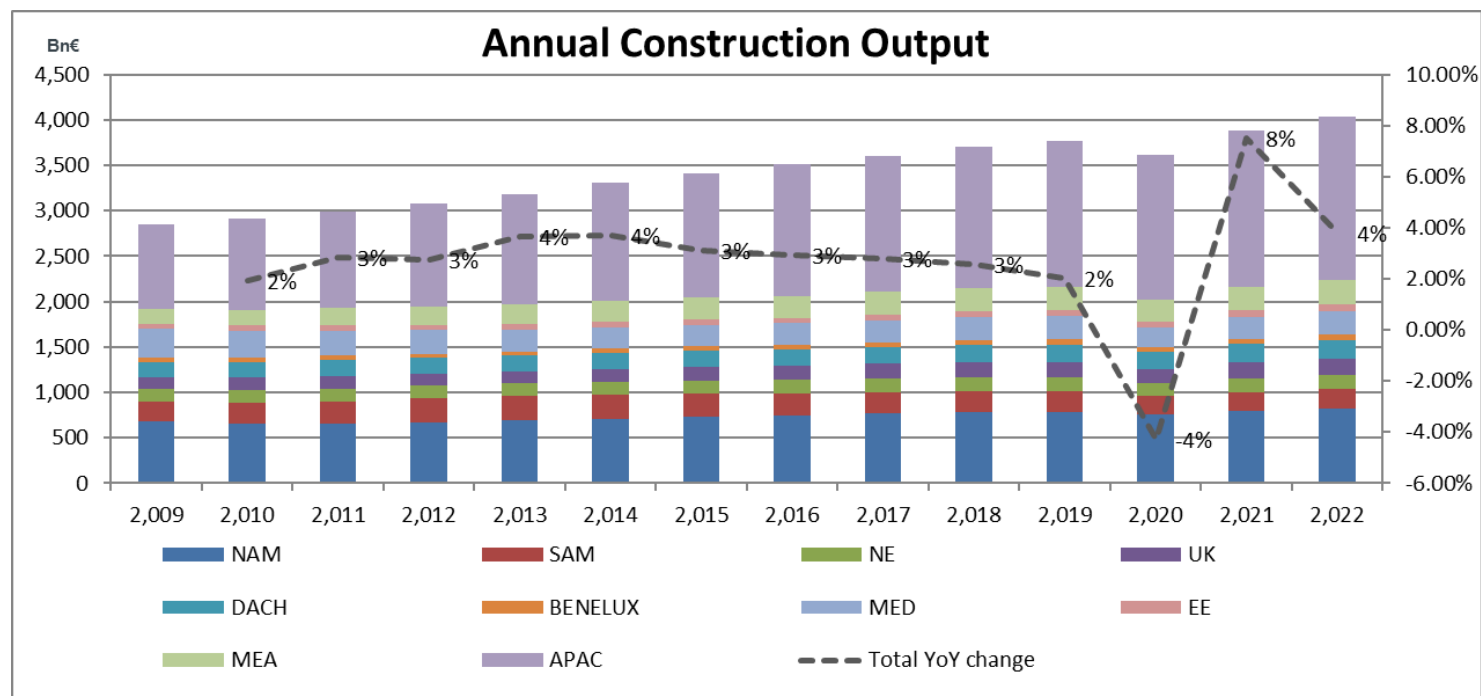
- The largest containership in the fleet has nearly tripled since 2000
- The average size of new builds doubles between 2009 and 2014



Source: Drewry November 2015

Hiab appendix

Construction output forecast

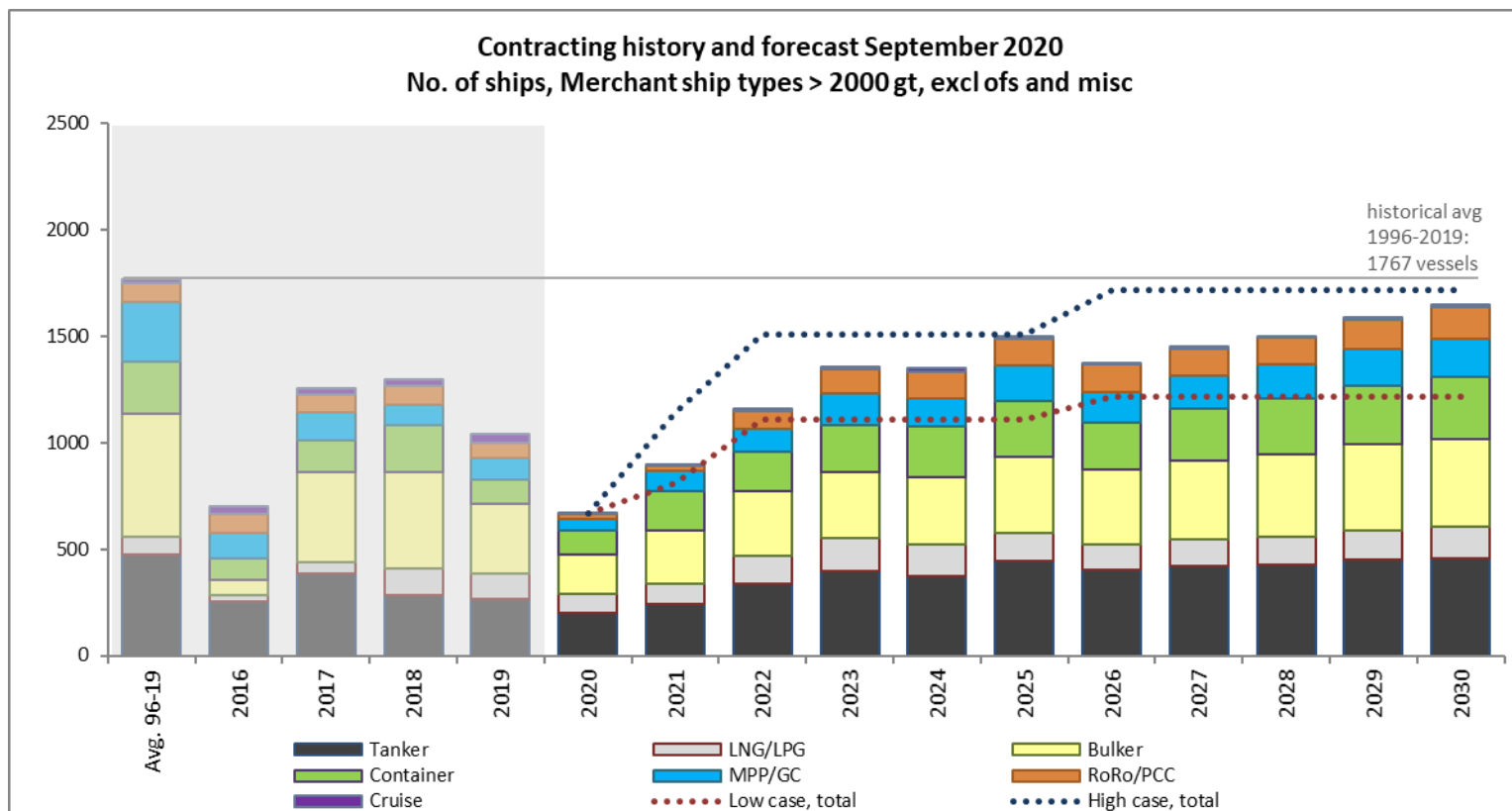


Percentage point change vs last forecast							YoY changes						
	2017	2018	2019	2020	2021	2022		2017	2018	2019	2020	2021	2022
NAM	1.2%	-0.4%	-0.8%	-5.2%	2.2%	2.8%	NAM	2.6%	2.0%	-0.1%	-2.8%	4.5%	2.8%
SAM	-0.4%	0.6%	-1.1%	-16.3%	4.0%	3.6%	SAM	-4.0%	-1.2%	-2.0%	-13.7%	7.4%	3.6%
NE	-0.2%	-1.6%	-1.9%	-7.3%	3.2%	2.2%	NE	2.6%	3.9%	1.1%	-5.3%	5.1%	2.2%
UK	-0.7%	-0.3%	0.0%	-16.2%	15.8%	3.8%	UK	6.7%	0.4%	2.2%	-14.5%	17.6%	3.8%
DACH	-1.5%	-0.7%	0.5%	0.0%	1.5%	2.2%	DACH	1.4%	2.0%	2.7%	1.5%	2.8%	2.2%
BENELUX	2.0%	-0.5%	-0.9%	-5.4%	2.8%	3.6%	BENELUX	5.1%	4.6%	4.3%	-3.9%	4.2%	3.6%
MED	-0.5%	-0.7%	0.7%	-19.7%	11.3%	6.3%	MED	2.7%	2.3%	2.9%	-17.5%	13.4%	6.3%
EE	-0.5%	-4.3%	1.1%	-7.7%	2.7%	3.9%	EE	4.2%	7.5%	5.5%	-4.6%	5.7%	3.9%
MEA	0.8%	2.4%	-0.1%	-8.1%	3.3%	5.1%	MEA	2.7%	0.5%	-0.2%	-5.2%	7.2%	5.1%
APAC	-0.1%	-0.3%	-0.9%	-4.8%	4.2%	4.0%	APAC	3.7%	3.7%	3.6%	-0.9%	8.2%	4.0%
Total	0.2%	-0.3%	-0.7%	-7.2%	4.4%	3.8%	Total	2.8%	2.6%	2.0%	-4.3%	7.5%	3.8%

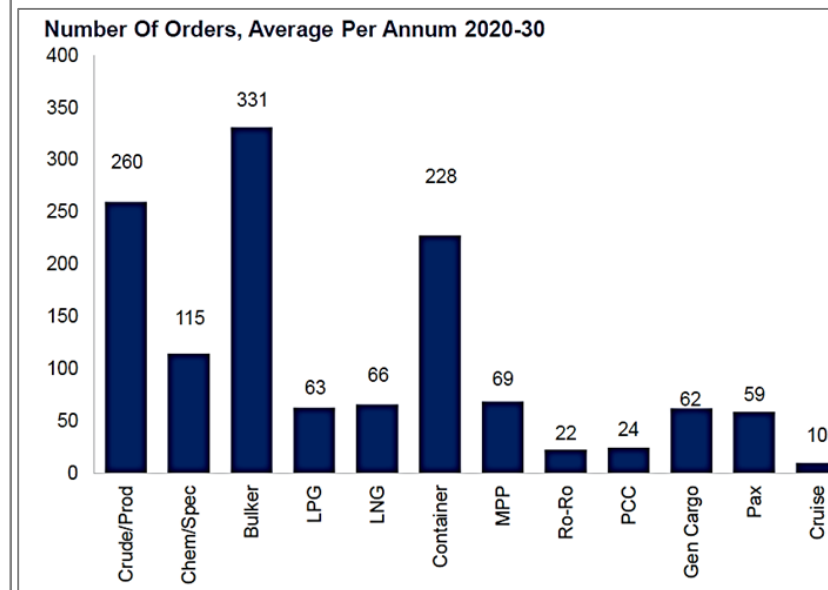
MacGregor appendix

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

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

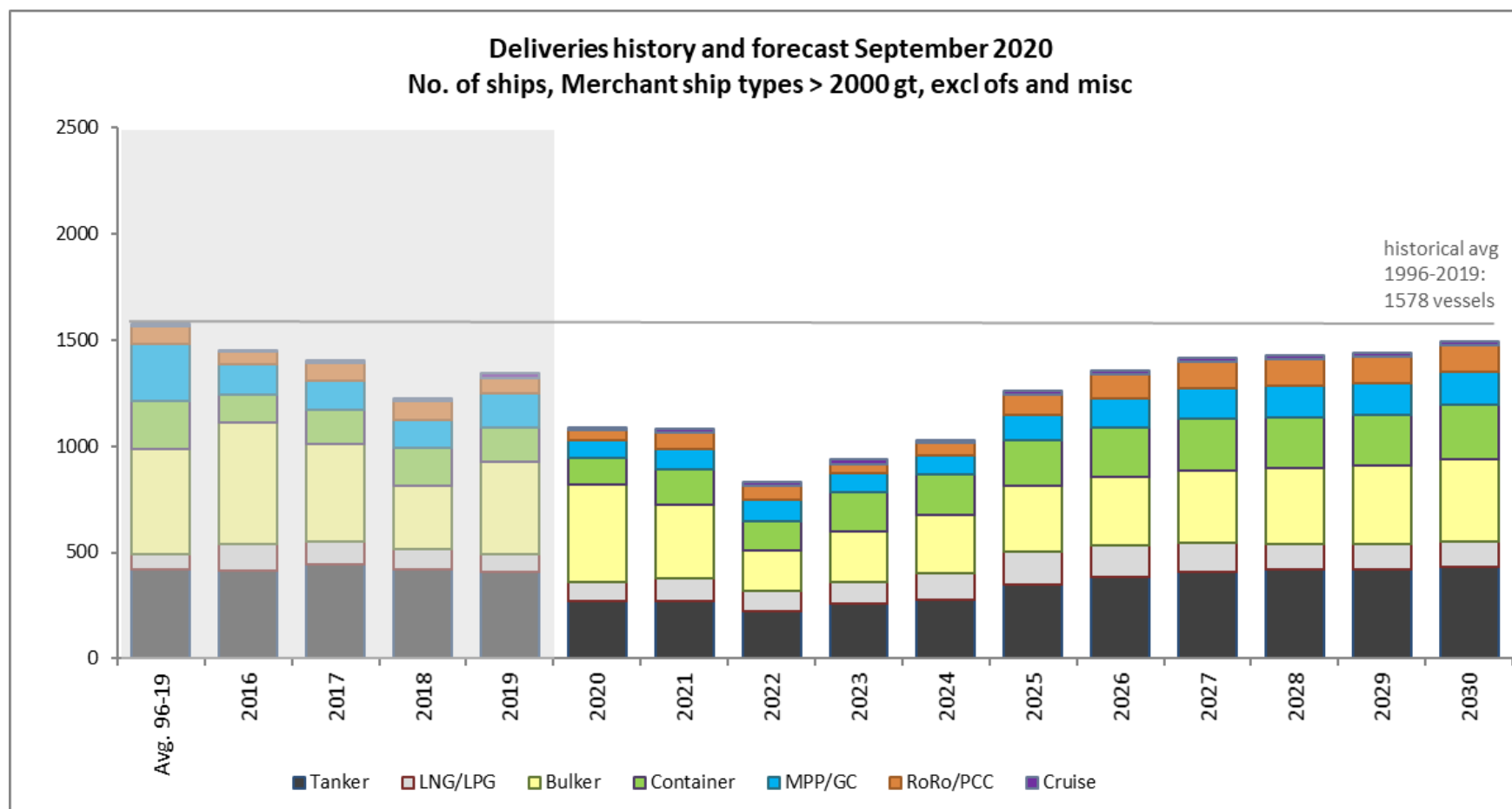


According to the long-term forecast volume sectors (tankers, bulkers, container ships) continue to drive majority of orders in numerical terms.

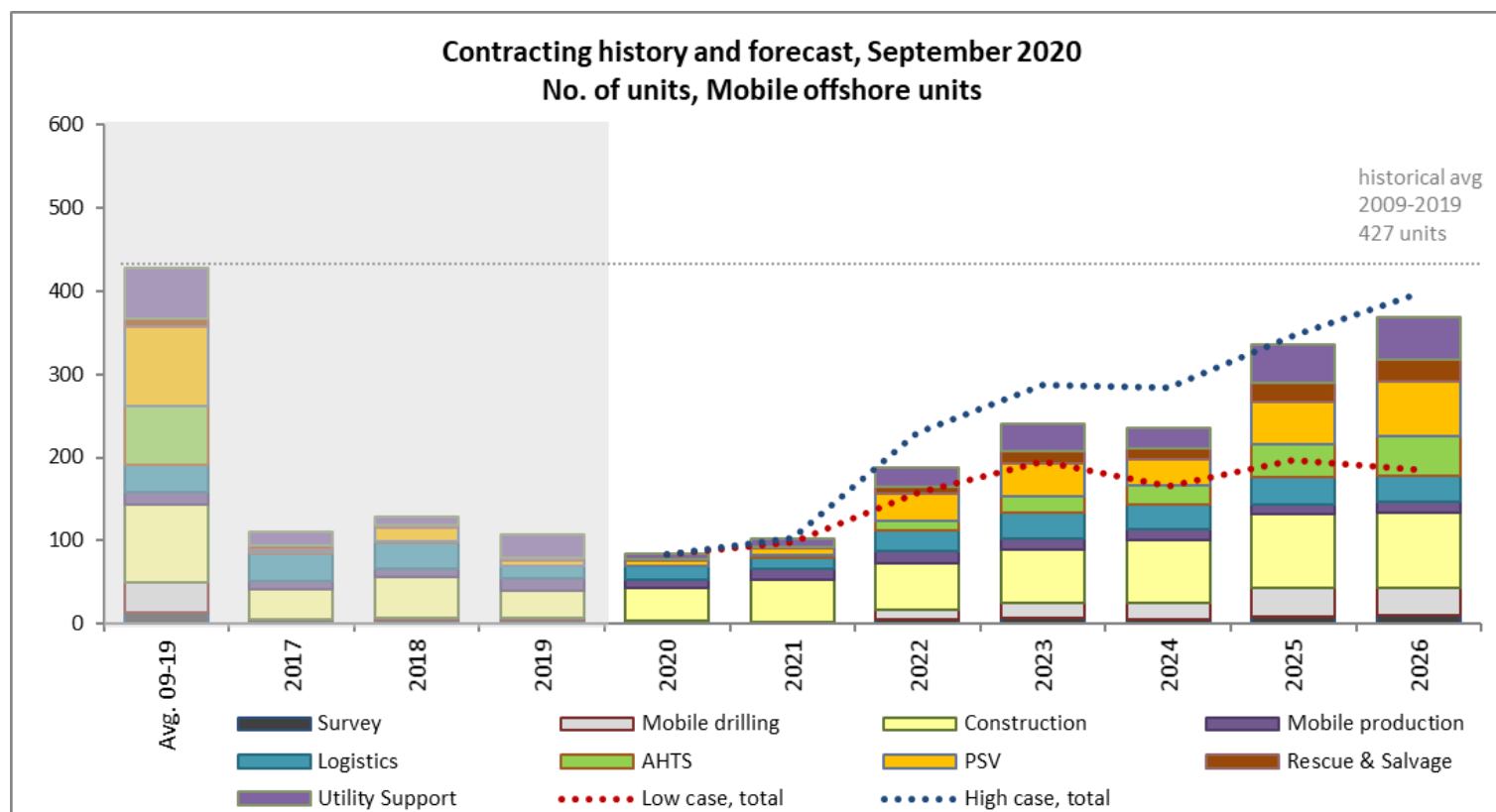


Merchant ships: Deliveries forecast by shiptype (no of ships)

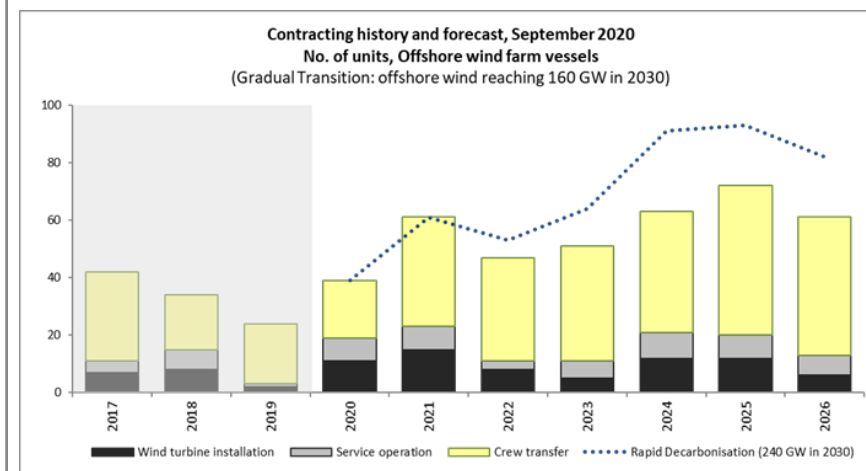
Merchant ship types > 2000 gt excl offshore and misc, base case



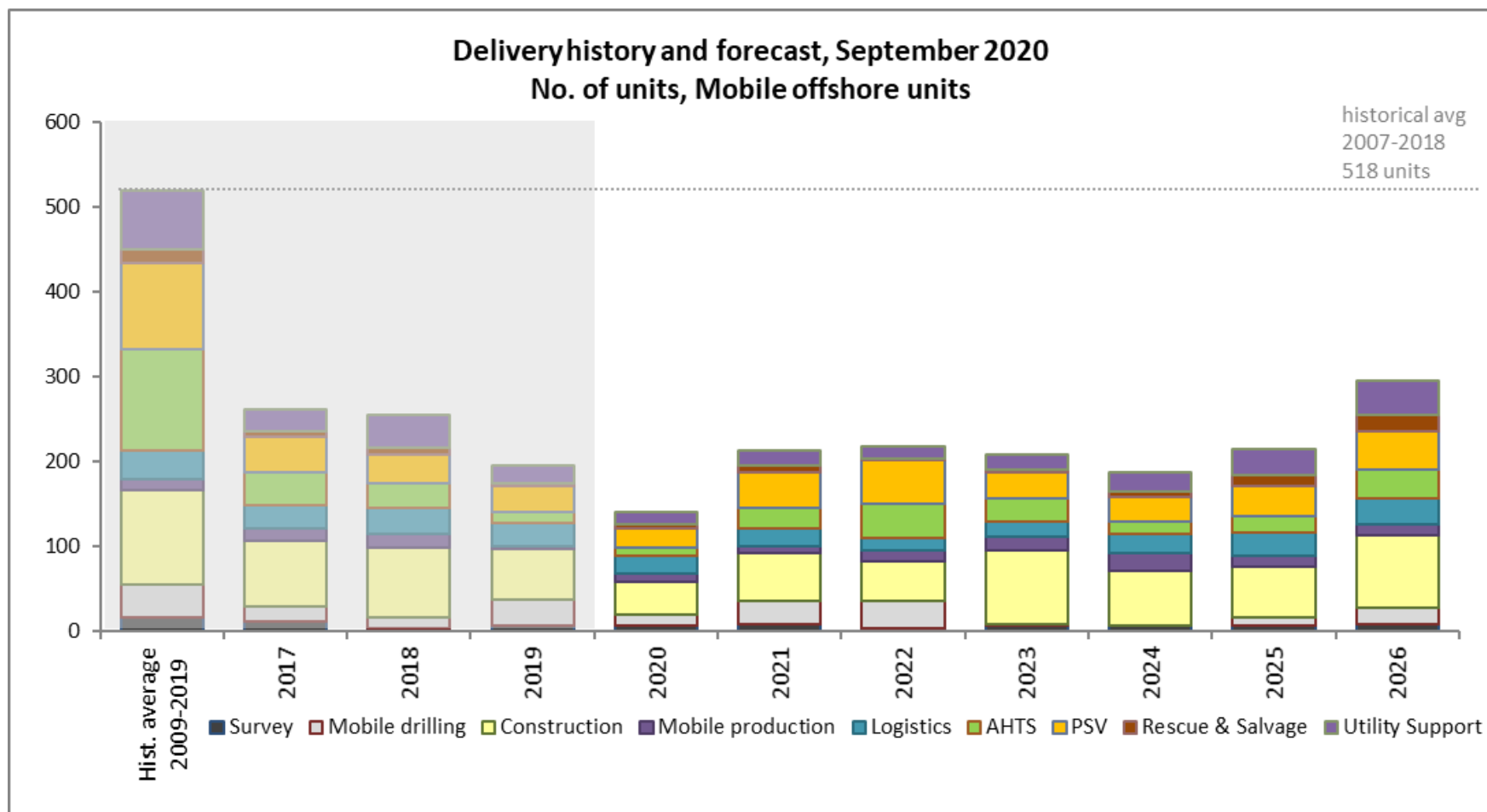
Offshore mobile units: Contracting forecast by shiptype (number of units), base case



Offshore wind is expected to drive ordering of dedicated offshore wind vessels, but also a wider range of other mobile offshore units, such as crane units, cable layers, heavy lift and multipurpose vessels.

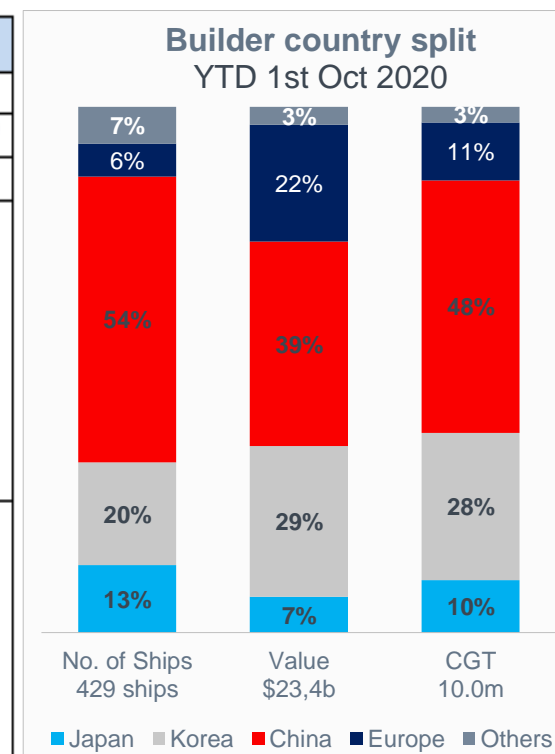


Offshore mobile units: Deliveries forecast by shiptype (number of units), base case



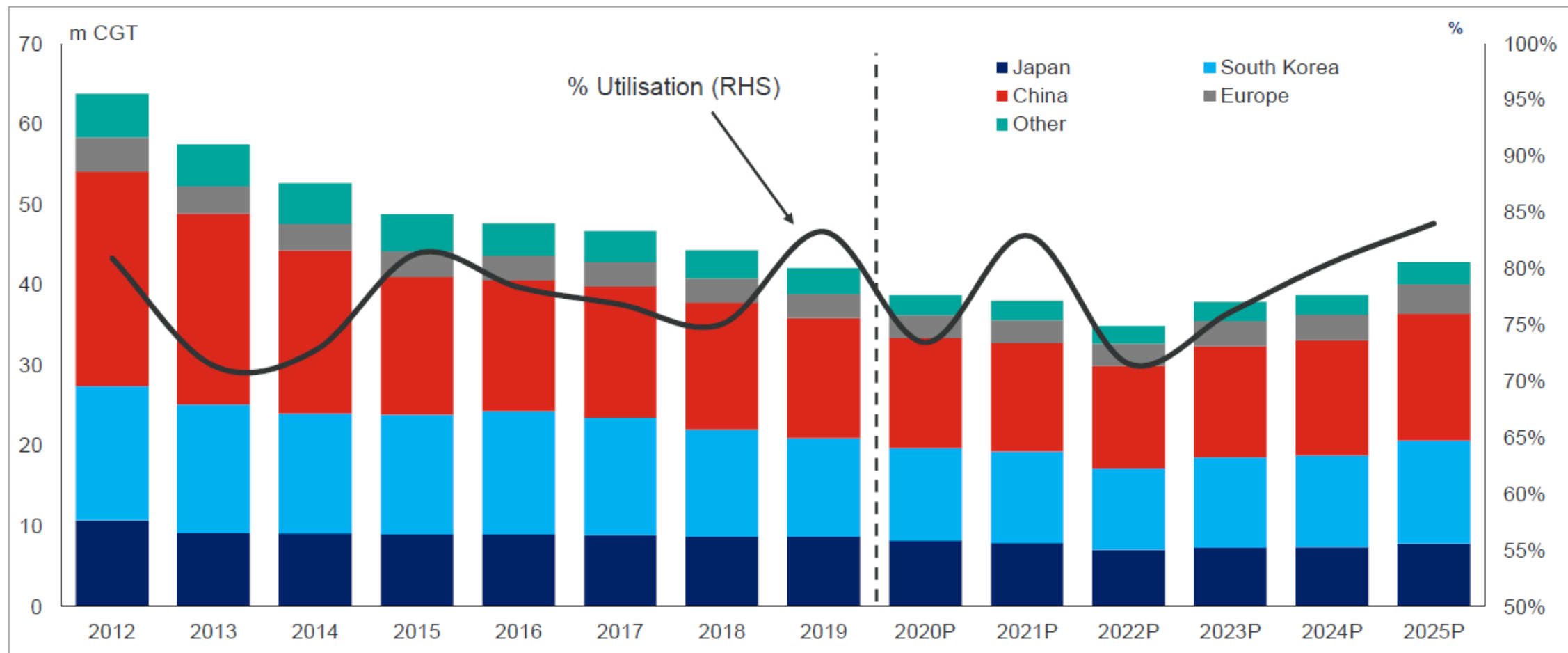
Shipbuilding – contracting ships >2000 gt/dwt

Global Contracting Activity (1st October 2020)												
	No.				\$bn				m. CGT			
	2018	2019	2020ytd	%y-o-y*	2018	2019	2020ytd	%y-o-y*	2018	2019	2020ytd	%y-o-y*
TOTAL (>2,000 Dwt/GT**)	1,387	1,146	429	-50%	78.6	80.4	23.4	-61%	35.4	28.9	10.0	-54%
Vessel Type												
Bulkers	459	336	116	-54%	13.9	10.6	3.1	-61%	9.6	6.7	2.1	-59%
Tankers	283	265	139	-30%	12.2	12.1	6.4	-29%	6.5	6.2	3.3	-30%
Containerships	217	116	30	-66%	11.1	6.9	1.4	-72%	6.4	3.6	0.8	-70%
Gas Carriers	125	123	47	-49%	15.3	14.1	6.6	-38%	6.8	5.7	2.3	-47%
Offshore	64	69	28	-46%	5.3	8.9	2.6	-61%	1.1	1.2	0.8	-10%
Others	239	237	69	-61%	20.9	27.8	3.4	-84%	5.0	5.5	0.8	-80%
Builder Country/Region												
China	545	454	233	-32%	20.7	22.6	9.1	-46%	10.8	9.6	4.8	-33%
South Korea	290	235	84	-52%	27.7	23.3	6.7	-61%	13.6	10.1	2.8	-63%
Japan	384	277	55	-74%	12.2	8.8	1.6	-75%	7.2	4.9	1.0	-74%
Europe	103	99	27	-64%	16.5	23.8	5.2	-71%	3.0	3.6	1.1	-60%
Other	65	81	30	-51%	1.6	1.9	0.8	-45%	0.8	0.8	0.3	-47%



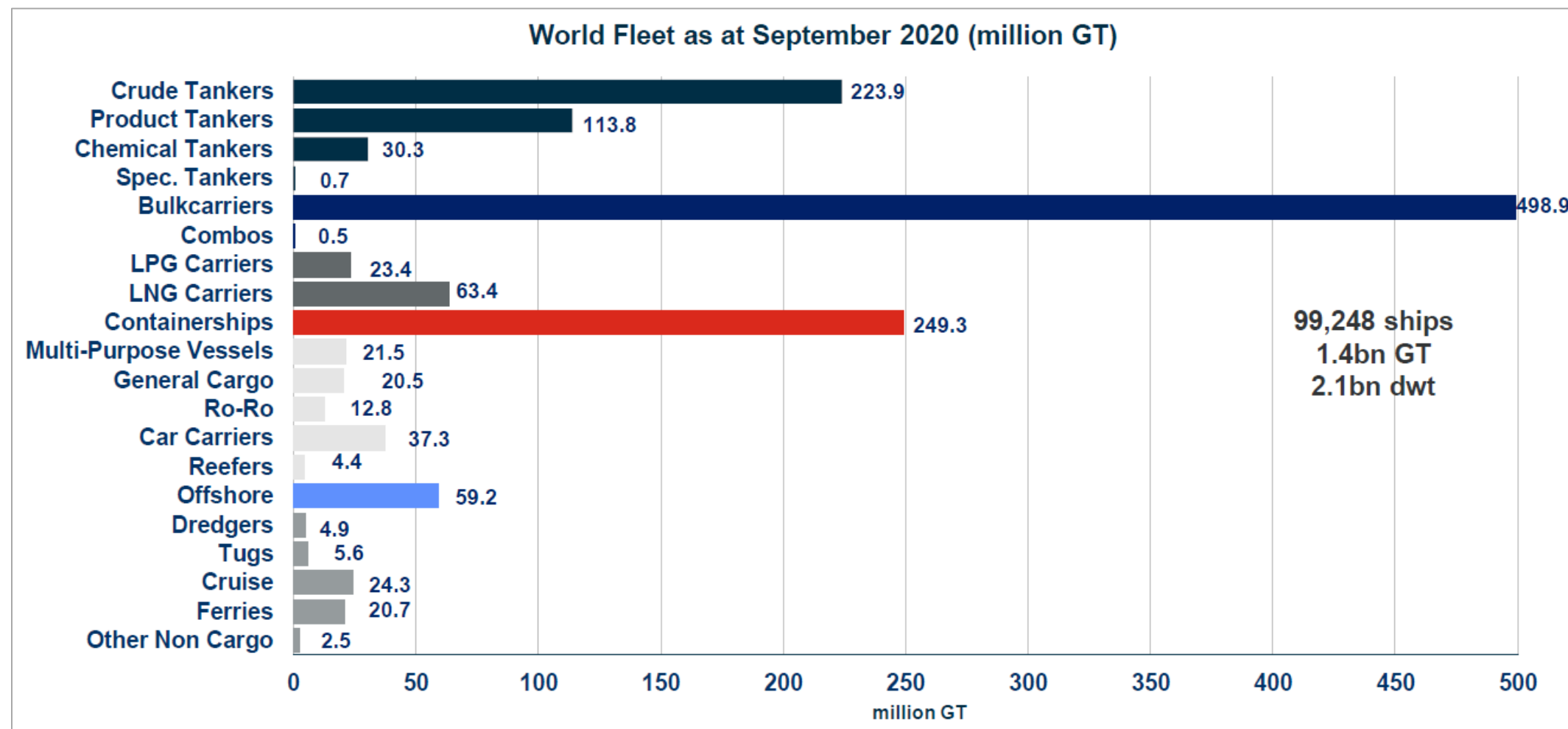
Shipbuilding capacity and utilisation scenario

Capacity projected to reach low at end 2022



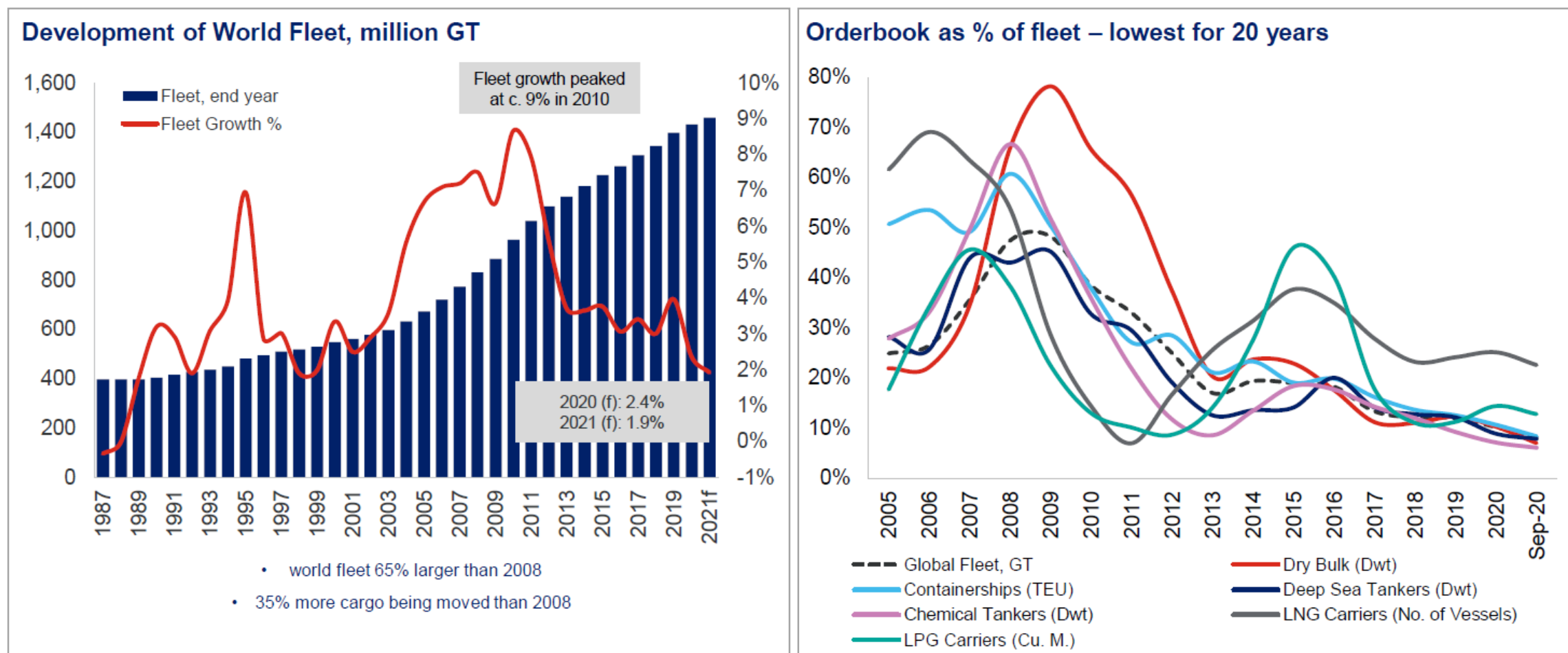
Shipping – The world fleet

Total world fleet (>100 gt) comprises currently roughly 99,000 ships



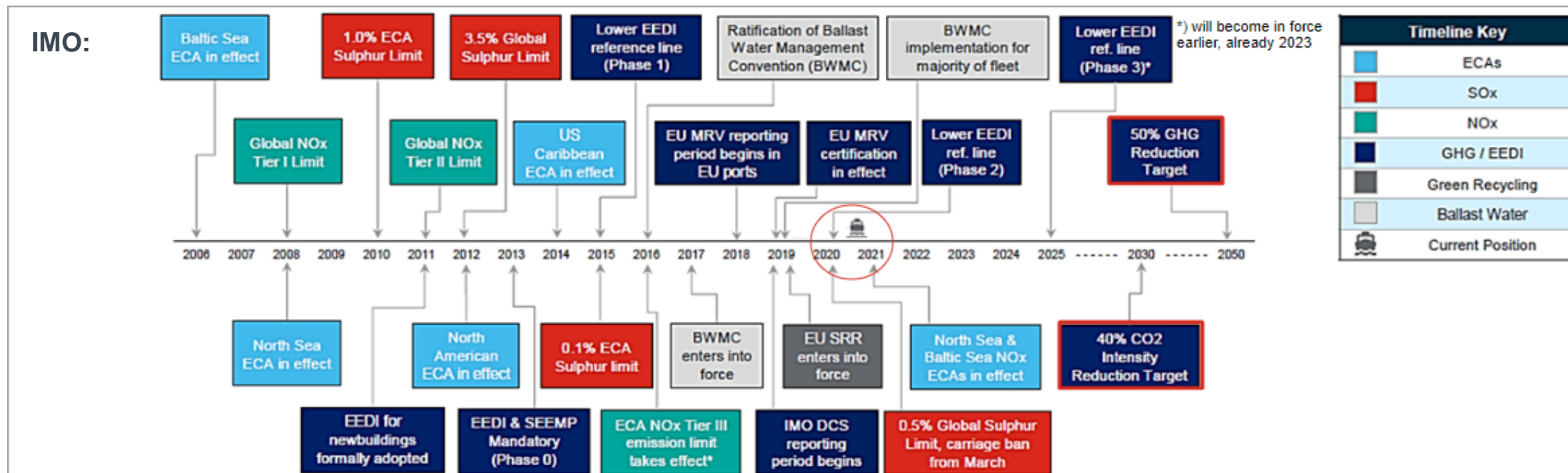
World fleet and order book development

World fleet growth slowing; orderbook at historically low level at ~7% of the fleet



Environmental regulations will only accelerate going forward

Shipping decarbonisation high on the agenda



European Union Green Deal - shipping to be included in the EU ETS in 2022.

- In September 2020, the European Parliament voted for the inclusion of greenhouse gas (GHG) emissions from ships over 5,000 gross tonnes in the emissions trading system (EU ETS) by 1 January 2022. It also wants firms to cut ships' annual average CO2 emissions by more than 40% by 2030. It also voted to include methane emissions in the monitoring and reporting obligation.
- The commission is set to announce a revision of the EU's GHG emissions reduction target for 2030 upwards from 40% to 55%. It also seeks to include "at least" intra-EU maritime transport in the EU ETS.
- It called for 50% of revenues from the sale of EU ETS allowances to the maritime sector to be used for an Ocean Fund, established for the period 2022-2030 to improve the energy efficiency of ships and support investment in decarbonisation.
- An additional amendment adopted would oblige the commission to propose by 31 December 2022 "additional requirements to reduce GHG emissions other than CO2, as well as to reduce air pollutants and the discharge of wastewater, including from scrubbers, into open waters from ships". And the review should also "consider" an extension of the scope of the regulation to include ships of 400-5,000 gross tonnage.

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

