Annual General Meeting
2018
Cargotec’s Extended Executive Board

Mika Vehviläinen
CEO

Mikko Puolakka
EVP, CFO

Antti Kaunonen
President, Kalmar

Roland Sundén
President, Hiab

Michel van Roozendaal
President, MacGregor

Mikael Laine
SVP, Strategy

Mikko Pelkonen
SVP, Human Resources

Outi Aaltonen
SVP, General Counsel

Stephen Foster
SVP, Audit & Assurance

Leena Lie
SVP, Communications

Solli Mäkinen
CIO
Agenda

1. Financial review 2017
2. Strategic development
3. Sustainability as a competitive advantage for Cargotec
4. Dividend and outlook for 2018
Financial review 2017
Year 2017 at Cargotec – Record high operating profit*

Profitability improvement continued

- Strong year for Hiab – sales increased by 5% and operating profit* by 12%
- Kalmar’s sales declined, but operating profit* improved slightly
- MacGregor’s orders received increased from the comparison period during the second half of 2017

Progress in M&A

* Excluding restructuring costs
R&D investments have increased by 46% from year 2013

In 2017, R&D investments focused on
- Digitalisation
- Competitiveness and cost efficiency of products
Gross profit continued to improve in 2017

- 2013: MEUR 583, 18.3%
- 2014: MEUR 634, 18.9%
- 2015: MEUR 787, 21.1%
- 2016: MEUR 840, 23.9%
- 2017: MEUR 857, 26.1%

Annual General Meeting 20 March 2018
Kalmar – Profitability improved

Orders received declined 10%
  – Decline especially in automation and projects

Operating profit* margin improved to 8.4 percent

Market outlook is positive
  – 6% growth in number of containers handled at ports

Automation solutions proceeded but as smaller subprojects

Service business developed well

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* Excluding restructuring costs
** Figures rounded to nearest 5%

Annual General Meeting
20 March 2018
Hiab – Record year

Orders received increased by 10%
  – Growth in all geographical areas

Sales growth continued and operating profit* rose to a new record

Construction activity continued to be strong in United States and accelerated in Europe

*) Excluding restructuring costs
MacGregor – Orders received improved in the second half of the year

Orders received declined 5%
- In H2/17 orders received increased by 18%

Despite the decrease in sales we managed to keep operating profit* positive

Market situation is still challenging
- Demand in merchant sector is recovering
- Offshore sector still quiet

*) Excluding restructuring costs
Order book declined in Kalmar and MacGregor

Order book by reporting segment, 2017 year-end

Kalmar  Hiab  MacGregor

<table>
<thead>
<tr>
<th>Year</th>
<th>Kalmar</th>
<th>Hiab</th>
<th>MacGregor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,980</td>
<td>980</td>
<td>203</td>
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<tr>
<td>2014</td>
<td>2,200</td>
<td>1,131</td>
<td>264</td>
</tr>
<tr>
<td>2015</td>
<td>2,064</td>
<td>883</td>
<td>305</td>
</tr>
<tr>
<td>2016</td>
<td>1,783</td>
<td>598</td>
<td>286</td>
</tr>
<tr>
<td>2017</td>
<td>1,550</td>
<td>487</td>
<td>299</td>
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</table>
Cash flow from operations

<table>
<thead>
<tr>
<th>Year</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>181</td>
</tr>
<tr>
<td>2014</td>
<td>204</td>
</tr>
<tr>
<td>2015</td>
<td>315</td>
</tr>
<tr>
<td>2016</td>
<td>373</td>
</tr>
<tr>
<td>2017</td>
<td>253</td>
</tr>
</tbody>
</table>
Strong balance sheet enabling further M&A

- **2013**: Net debt: 578 MEUR, Gearing: 46.7%
- **2014**: Net debt: 719 MEUR, Gearing: 59.2%
- **2015**: Net debt: 622 MEUR, Gearing: 46.4%
- **2016**: Net debt: 503 MEUR, Gearing: 36.0%
- **2017**: Net debt: 472 MEUR, Gearing: 33.0%
## Progress in M&A in 2017

<table>
<thead>
<tr>
<th>Company</th>
<th>Activity</th>
<th>Sales</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RAPP MARINE GROUP</strong></td>
<td>Strengthen MacGregor’s offering for the fishery and research vessel segment</td>
<td><strong>EUR 40 million</strong> in 2017</td>
<td>Around 30% of sales from services</td>
</tr>
<tr>
<td><strong>ARGOS</strong></td>
<td>Hiab entrance to Brazilian loader crane market</td>
<td><strong>EUR 6 million</strong> in 2017</td>
<td></td>
</tr>
<tr>
<td><strong>INVER PORT SOLUTIONS</strong></td>
<td>Broaden Kalmar’s existing service capabilities throughout Australia</td>
<td><strong>EUR 5 million</strong> in 2017</td>
<td></td>
</tr>
</tbody>
</table>
Acquisition of TTS marine and offshore business

**Strategic rationale**

Service growth potential

Strengthening MacGregor’s position also in China

Based on preliminary estimates, potential cost synergies are estimated to be around EUR 30-35 million on annual level

**Overview of the acquired businesses**

Employs 900 people

Sales approximately EUR 211 million in 2017

Services 26% of revenues

**Acquisition**

Acquired businesses represent around 90% of total sales of TTS Group

Enterprise value EUR 87 million

The acquisition is subject to regulatory approvals from competition authorities
Strategic development
We are transforming from equipment provider into a leader in intelligent cargo handling

<table>
<thead>
<tr>
<th>Year</th>
<th>Leadership</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Product</td>
<td>Good equipment company</td>
</tr>
<tr>
<td>2018</td>
<td>Services</td>
<td>World-class service offering</td>
</tr>
<tr>
<td>2020</td>
<td>Leader in intelligent cargo handling</td>
<td>40% of the sales from services and software</td>
</tr>
</tbody>
</table>

MUST-WINS

- Digitalisation
- Services
- World-class leadership
Service business

- New service concepts supported the development at Hiab
- Development in Kalmar good in most areas
- Growth in MacGregor’s merchant sector

Service sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Service sales</th>
<th>% of total Cargotec sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>729 MEUR</td>
<td>23%</td>
</tr>
<tr>
<td>2014</td>
<td>814 MEUR</td>
<td>24%</td>
</tr>
<tr>
<td>2015</td>
<td>883 MEUR</td>
<td>24%</td>
</tr>
<tr>
<td>2016</td>
<td>872 MEUR</td>
<td>25%</td>
</tr>
<tr>
<td>2017</td>
<td>874 MEUR</td>
<td>27%</td>
</tr>
</tbody>
</table>
New service concepts and focus on developing services

- Kalmar MyParts webshop
- Kalmar renewed its service organisation
- Hiab expanded its service offering
  - ProCare service contracts
  - Expansion and development of Hiab spareparts webshop
- MacGregor is optimising the container transportation abilities of Mediterranean Shipping Company
Digitalisation

- Commercialisation of XVELA cloud-based collaboration platform
- Target is to have all new equipment connected by the end of 2018
- Software sales grew
- Digital solutions support the eco-efficiency of the industry

Software sales

<table>
<thead>
<tr>
<th>Year</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>107</td>
</tr>
<tr>
<td>2014</td>
<td>108</td>
</tr>
<tr>
<td>2015</td>
<td>121</td>
</tr>
<tr>
<td>2016</td>
<td>148</td>
</tr>
<tr>
<td>2017</td>
<td>159</td>
</tr>
</tbody>
</table>
Examples of our digital solutions

- Kalmar InSight
  - Real time analysis of the productivity of port terminals

- Hiab HiConnect
  - Service solution to improve the productivity of Hiab equipment

- MacGregor Virtual Reality training unit
Leadership

- Target to have a uniform, performance-driven leadership culture
- Leadership development enables change execution in the whole company
- We measure leaders’ actions and productivity on a regular basis
- 86% of the personnel responded to the job satisfaction survey
  - Leadership index went up to 71 (68) percent
  - Team climate index climbed to 76 (70) percent
Sustainability as a competitive advantage for Cargotec
Eco-efficient solutions are promoting our competitiveness

Sales accounted for around 19% of the total revenue in 2017:
Significant share of our R&D investments is directed to clean technologies and digitalisation.

- Systems efficiency
- Efficiency for environmental industries
- Emission efficiency
- Resources efficiency
Cornerstones of sustainable operations at Cargotec

- Minimizing customers’ environmental impact
- Employees’ well-being, safety and equal treatment
- Ethical and transparent operational processes
Dividend and outlook for year 2018
## Key figures 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received, MEUR</td>
<td>3,190</td>
<td>3,283</td>
<td>-3%</td>
</tr>
<tr>
<td>Order book, MEUR</td>
<td>1,550</td>
<td>1,783</td>
<td>-13%</td>
</tr>
<tr>
<td>Sales, MEUR</td>
<td>3,280</td>
<td>3,514</td>
<td>-7%</td>
</tr>
<tr>
<td>Operating profit, MEUR</td>
<td>226.7</td>
<td>197.7</td>
<td>+15%</td>
</tr>
<tr>
<td>Operating profit, %</td>
<td>6.9%</td>
<td>5.6%</td>
<td>+1.3 %-points</td>
</tr>
<tr>
<td>Restructuring costs, MEUR</td>
<td>36.5</td>
<td>52.5</td>
<td>-31%</td>
</tr>
<tr>
<td>Operating profit*, MEUR</td>
<td>263.2</td>
<td>250.2</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating profit*, %</td>
<td>8.0%</td>
<td>7.1%</td>
<td>+0.9 %-points</td>
</tr>
<tr>
<td>Net income, MEUR</td>
<td>136.3</td>
<td>125.3</td>
<td>+9%</td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>2.11</td>
<td>1.95</td>
<td>+8%</td>
</tr>
<tr>
<td>Equity per share</td>
<td>22.10</td>
<td>21.65</td>
<td>+2%</td>
</tr>
<tr>
<td>Return on capital employed (ROCE), %</td>
<td>9.8%</td>
<td>8.8%</td>
<td>+1.0 %-points</td>
</tr>
<tr>
<td>Total equity / total assets, %</td>
<td>41.5%</td>
<td>39.1%</td>
<td>+2.4 %-points</td>
</tr>
</tbody>
</table>

* Excluding restructuring costs
Board proposes EUR 1.05 dividend per B share for 2017
Dividend to be paid in two instalments (EUR 0.53 and 0.52)

Dividend and EPS

*Board proposal
Operating profit excluding restructuring costs for 2018 is expected to improve from 2017 (EUR 263.2 million).

As a result of the adoption of the IFRS 15 standard effective from January 1, 2018, Cargotec's revenue recognition for certain products and customer contracts will change in 2018. The IFRS 15 restated figures for 2017 will be published in March 2018 the latest. The change in accounting principles is not expected to have a material impact on annual operating profit.
Thank you