Profitable growth through customer focus
Cargotec’s refined strategy 2011–2015
Vision and mission

Our vision is
• to be the world’s leading provider of cargo handling solutions

Our mission is
• to improve the efficiency of cargo flows
Company values
Portfolio

Solutions for industrial and on-road load handling
Solutions for ports and container handling
Solutions for marine cargo handling and offshore load handling
Next corporate theme

From “limestone” to engineering
-1997
1997-2002
2002-2004
2004-2007
2007-2010
2010-2015
2015-

- More engineering
- One Partek
- Kone
- Cargotec
- One Cargotec
- Customer focus globally
- Customer Solutions

- Excellence in purchasing
- Outsourcing
- Growth in services
- Creation of stand-alone company
- Listing to stock exchange
- Support, Supply and Services centralised
- Hiab and Kalmar merged
- Capacity scaled to demand
- Regions
- Key accounts
- Segment development
- Footprint, outsourcing
- Segment based
- Knowledge based solutions
Strategic focus areas

→ customer
→ service
→ emerging markets
→ clarity
Geographical focus

• Lead globally
  • Defend core markets in Europe and North America
  • Global market leadership requires large enough position in big Chinese market
  • Develop other growth markets, in particular India and Brazil, and over time Russia and Africa
How to grow profitably

- Increase market share with both performance seeking customers and customers satisfied with basic products in chosen customer segments

- Further develop and strengthen customer support with spare part logistics

- Exit unattractive segments, products, markets and activities and release management and financial resources to higher priorities

- Continuously differentiate process performance in both equipment, projects and services
  - Understand the businesses and needs of customers as well as they do and better than competitors by going deeper into customer segments
  - Leverage intangible assets like customer relationships and relative lead in new technologies (e.g. automation, electrification, energy efficiency)
  - Continuously reduce complexity

- Develop profitable base product equipment business

- Institutionalise new cargo flow business concepts especially in services to create options for future growth

- To get the most from limited resources focus on key priorities
Customer segments guiding business development

• Purpose of customer segmentation is to improve learning customer needs and to speed up growth of our business in the prioritised segments.

• Prioritisation defines the type of actions and direction of development of business for Cargotec.

• Prioritised segments will guide in allocation of R&D resources and other investments.

• Our market intelligence and management accounting activities will support segmentation.

• Prioritisation guides in search of acquisition targets and divestments.
### Customer segmentation - priorities

<table>
<thead>
<tr>
<th>Invest</th>
<th>Harvest &amp; Consider</th>
<th>Divest</th>
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</table>
| • Grow business through customer focus  
  • Acquisitions  
  • Prioritise R&D to expand offering  
  • Account management  
  • Grow market share/defend position | • Product sales approach  
  • Basic services  
  • Standard business models  
  • Standard offering  
  • Cash cow | • Prepare for divesture  
  • No R&D  
  • Maximise short term profits  
  • Organise for carve-out  
  • Focused growth strategy |
| • Develop new business models  
  • Growing market  
  • High Services potential | • Review annually possibilities to Green or Red  
  • Scan potential M&A targets | • Do not matrix with the rest  
  • Allow independent distribution |
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<th>Clarity and efficiency through discipline</th>
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<th>Sales &amp; Marketing</th>
<th>Develop Solutions</th>
<th>Assembly &amp; Component Manufacturing</th>
<th>Product Supply - Sourcing and Planning</th>
<th>Conduct Projects</th>
<th>Deliver Services</th>
<th>Support</th>
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<td>Supplier Relationship Management</td>
<td>Demand Management &amp; Forecasting</td>
<td>Project Master Planning</td>
<td>Service Capacity Mgmt.</td>
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<tr>
<td>Brand Strategy</td>
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<td>Idea &amp; Innovation Management</td>
<td>Delivery Quality Control</td>
<td>Sourcing (Direct)</td>
<td>Project Process Development</td>
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<td>Sourcing (Indirect)</td>
<td>Business Development</td>
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<td>Outline Future Offering</td>
<td>Inbound Logistics Mgmt</td>
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<td>Financial Accounting</td>
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<td>Prepare Elements of Future Offering</td>
<td>Technical Design (BOM)</td>
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<td>Claims Management &amp; Customer Feedback</td>
<td>Develop Product Concept</td>
<td>Assembly</td>
<td>Project Product Execution</td>
<td>Consulting &amp; Training Execution</td>
<td>HR administration</td>
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<td>Develop New Product</td>
<td>Component Manufacturing</td>
<td>Outbound logistics</td>
<td>Project Site Operations</td>
<td>Dealer Interaction</td>
<td>Investor Relations</td>
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<td>Order Management</td>
<td>Maintain Product Portfolio</td>
<td>Inventory Management</td>
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<td>Purchasing (Direct + Indirect)</td>
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<td>Production Engineering</td>
<td>Warranty</td>
<td>Technical Support</td>
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Source: IBM
Sales growth exceeding 10% (incl. acquisitions)
Operating profit 10%

Operating profit from operations, excluding capital gains, restructuring and one-off cost related to a container spreader inspection and repair programme.
Gearing below 50%

* Including cross-currency hedging of the USD 300 million Private Placement corporate bonds.
Dividend 30–50% of earnings per share

- 2006: EUR 2.57, 39% of EPS
- 2007: EUR 2.17, 48% of EPS
- 2008: EUR 1.91, 31% of EPS
- 2009: EUR 0.40, 800% of EPS
- H1 2010: EUR 0.45

*Basic earnings per share
Reconfirmed financial targets

- Annual sales growth exceeding 10% (incl. acquisitions)
- Gearing below 50% (over the cycle)
- Dividend 30–50% of earnings per share
- Raising the operating profit margin to 10%
we keep cargo on the move™