Kalmar is well positioned to grow profitably

Olli Isotalo
President, Kalmar
Kalmar improvement initiatives

2012
- Organisational efficiency and refocused R&D
- Project delivery capability development

2013
- 20 M savings in 2013
- Ramp-up of Poland multi-assembly unit
- Development of service business

2014
- Ramp-up of production in Rainbow Cargotec Industries joint venture
- Further development of integrated port automation solutions
- Improvements in design-to-cost

Aiming at further 40M run rate improvement by end 2014
Kalmar improvement initiatives

- Ramp-up of production in Rainbow Cargotec Industries joint venture
- Further development of integrated port automation solutions
- Improvements in design-to-cost
- Kalmar Care service products launched
- Assembly started in Q1
- All projects now in SAP
- Savings target in fixed costs reached
- Cranes refurbishment business progressing well
- RTG production moved to RCI
- New reachstacker launched in June
- Organisational efficiency and refocused R&D
- Project delivery capability development
- Ramp-up of Poland multi-assembly unit
- Development of service business
- Ramp-up of production in Rainbow Cargotec Industries joint venture
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Content

► Kalmar businesses and offering
► Industry trends
► Automation
► Services
► Conclusions
Kalmar businesses and offering

STS cranes | ASCs | RTGs
---|---|---
Straddle carriers | Shuttle carriers | Automation
Siwertell | Bromma spreaders | Navis TOS
Reachstackers | Empty container handlers
Terminal tractors | Forklift trucks
Crane services | Maintenance
Spare parts | Fleet management
Kalmar businesses and offering

Terminal projects 35%
Equipment 40%
Services 25%
Industry trends
We are in a growing business – global container throughput

Source: Drewry 2013
Ships are becoming bigger

Kalmar focus
- Bigger cranes
- Crane modifications
- Predictive maintenance
- Terminal development
- Container flow planning tools
- Automation
Availability and cost of labor

Kalmar focus

- More productive products
- Automation
Sustainability is an integral part of port operations

Kalmar focus
- Energy efficient equipment
- Predictive maintenance
- Automation
Safety

Kalmar focus
- Automation
- Predictive maintenance
Industry consolidation

Impact on Kalmar:
- Creates temporary imbalances in the market
- Need for bigger cranes
- Sets a new level for operational efficiency
- Requires another level of container flow planning
- Accelerates the cascading effect
Automation: Kalmar has all ingredients in-house.
Example of an automated terminal project

TERMINAL CAPACITY: 3 MILLION TEU / YEAR
TOTAL KALMAR SCOPE APPROX. EUR 190-260 MILLION

**Horizontal transport**
- AutoShuttles
- Units: 60
- Unit value: €0.9-1.1M
- **Total**: €54-66M

**Quay**
- Automated lashing platform (ALP)
- Units: 20
- Unit value: €0.6-0.8M
- **Total**: €12-16M

**Container yard**
- Automated stacking cranes (ASCs)
- Units: 40
- Unit value: €2.5-3.5M
- **Total**: €100-140M

**Operations**
- TOS license and professional services
- **Total**: €8-11M

**Kalmar Optimal Care**
- Service and material for equipment care
- 24/7 on-call and remote diagnostics
- **Total**: €16-18M / year

**Process automation**
- SmartLanes, SmartQuay, SmartTracks, SmartStack, M&S
- **Total**: €1-6M
Example of a manual RTG terminal project

TERMINAL CAPACITY: 1 MILLION TEU / YEAR
TOTAL KALMAR SCOPE APPROX. EUR 30-50 MILLION

**Horizontal transport**
- Equipment: Terminal tractors
- Units: 40
- Unit value: €70-100k
- Total: €2.8-4M

**Container yard**
- Equipment: RTGs
- Units: 20
- Unit value: €1-1.5M
- Total: €20-30M

**Operations**
- TOS license and professional services
- Total: €2-3.5M

**Process automation**
- SmartStack, SmartFleet, SmartRail, SmartLifts, SmartPath, SmartQuay, SmartLanes, M&S
- Total: €0.5-4M

**Auxiliary equipment**
- Equipment: ECH & RST
- Units: 8
- Unit value: €250-500k
- Total: €2.5-4M

**Kalmar Optimal Care**
- Service and material for equipment care
- Total: €2.5-5M / year
Strong future growth expected for automation solutions (TOS 200 MEUR excluded)

Global automation market (equipment, system and process)
€1.5B

Note: Equipment and system includes yard and horizontal equipment and related system; Process automation includes RFID, OCR, etc.
Source: Drewry, PEMA, Company websites
Kalmar has a leading position in port automation

- First fully automated straddle carrier terminal
- Strategic acquisitions
- Technology Centre in Tampere
- On-going mega terminal projects
- More than hundred SmartPort process automation deployments
- Navis market share in TOS about 20%
Services: Back to peer growth.
Modular services products to support growth

- Outsourcing is growing
- Need for preventive maintenance is increasing
- Less tolerance for breakdowns
- Increased need for availability

Note: Other includes TOS and automation Source: Drewry, Kalmar internal data
Crane refurbishment boom already on-going

- Global network of competences
- Best of the industry know-how
- Brand neutrality
- Mareiport acquisition
Conclusions

- Short-term actions to improve profitability will continue to bear further fruit in 2014
- Kalmar’s underlying profitability is healthy and improving
- Macro indicators and industry trends support growth
- Kalmar is well equipped to respond to the industry trends and grow profitably
  - Good products as foundation
  - Unique automation offering
  - Strong focus on services