Cargotec Capital Markets Day 2013
Marine market pick-up and offshore expansion will boost MacGregor

Eric Nielsen
President, MacGregor
1. MacGregor overview

2. Market environment
   - Merchant shipping
   - Offshore

3. Strategies and acquisitions

4. Conclusions
Strong market leadership positions

Merchant

1. Hatch covers
2. Container lashing
3. Cranes and selfunloaders
4. RoRo

Offshore

1. Offshore advanced load handling
2. Offshore winches

Services

RoRo = roll-on/roll-off
MacGregor – Overview of an industry leader

MacGregor – Summary facts

- Annual sales in range of EUR 800 million
  - 70% merchant
  - 30% offshore
- Close to customers and ship fleets
  - 55 sales offices
  - 61 service centres
- 50% of world’s ships carry MacGregor equipment

Strong financial track record

Orders
Sales
Operating profit%

* excluding Bulk Handling business
Operating profit% excluding restructuring costs
What to expect from MacGregor in 2014

- Focus on larger systems sales
  - With increasing order lumpiness
- Greater emphasis on service
- Managing the lag between ship orders and equipment sales

- Increasing order rates for merchant and offshore
- Capturing Hatlapa synergies
  - Procurement
  - Cross-selling with MacGregor

Ship order & Deliver cycle

- Inquiry
- Negotiate
- Ship order
- Design & Build

Equipment order & Deliver cycle

- Inquiry
- Negotiate
- Design & Build

<table>
<thead>
<tr>
<th>Ship order &amp; Deliver cycle</th>
<th>Equipment order &amp; Deliver cycle</th>
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<tbody>
<tr>
<td>Ship order</td>
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<td>Inquiry</td>
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<td>Design &amp; Build</td>
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Focus on integrated systems and solutions

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<td>New ship types</td>
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RoRo=roll-on/roll-off, OFS=offshore, AHTS=anchor handling, towing, supply

Existing X Via Hatlapa & Pusnes
Merchant ship contracting forecast

**Contracting 2001-2017**

- **Deliveries 2001-2017**

  - **Source:** Clarkson Shipbuilding forecast, September 2013

  - **Forecast for 2017:**
    - **No of units:** 2,000

  - **Historical data:**
    - **2001:** 1,000
    - **2002:** 1,000
    - **2003:** 1,000
    - **2004:** 1,000
    - **2005:** 1,000
    - **2006:** 1,000
    - **2007:** 1,000
    - **2008:** 1,000
    - **2009:** 1,000
    - **2010:** 1,000
    - **2011:** 1,000
    - **2012:** 1,000
    - **2013:** 1,000
    - **2014:** 1,000
    - **2015:** 1,000
    - **2016:** 1,000
    - **2017:** 2,000

  - **Graphs:**
    - **No of units:**
      - **2001:** 0
      - **2002:** 0
      - **2003:** 0
      - **2004:** 0
      - **2005:** 0
      - **2006:** 0
      - **2007:** 0
      - **2008:** 0
      - **2009:** 0
      - **2010:** 0
      - **2011:** 0
      - **2012:** 0
      - **2013:** 0
      - **2014:** 0
      - **2015:** 0
      - **2016:** 0
      - **2017:** 2,000

  - **Forecast:**
    - **2017:** 2,000
Offshore ship contracting forecast

Offshore contracting, historical and forecast contracting (no)

Source: Clarkson Offshore forecast, September 2013

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Market megatrends – Favorable for merchant and offshore

World seaborne trade and global GDP

- **World population** to increase 18% 2012 to 2030
- **Urbanisation** increasing
- **Energy demand** expected to grow in China & India

Field discoveries have increased in key markets
Subsea installation account for the majority of new field development
Deep sea environments driving demand for premium products

E&P=exploration & production
Source: Clarkson 2013, DNV Shipping 2020, EIA, OECD

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Currently weak merchant shipping market is driving consolidations

**Trend**
- European and weak Asian shipyards closing or being consolidated
- Large shipowners coordinating fleets

**Implications**
- Larger and more sophisticated buyers
- Financially stronger and more viable
- Potentially greater purchasing leverage
- Likely more open to strategic supplier partnerships and total cost of ownership rationale

**Response**
- Focus on segment-specific value propositions
- Increased multi-level customer relationship management
Increased shipowner focus on operating costs and environmental matters

**Trend**
- Better fleet utilisation/management
- Greater adherence to environmental and safety compliance

**Implications**
- Shift to larger ship sizes (Maersk 3E)
- Greater reliance on integrated and larger systems
- Higher rates of old fleet scrapping and conversions

**MacGregor response**
- Leverage existing technology skills
- Expand service offering to improve uptime
- Expand systems/solutions offering
Global oil and gas demand is pushing the offshore frontier to new limits

**Trend**
- Greater need for equipment in deepwater applications and extreme weather environments

**Implications**
- Requires higher levels of lifting capacity and advanced control systems
- Increased emphasis on both reliability and durability
- Uptime is critical

**MacGregor response**
- Leverage Hatlapa and Pusnes expertise
- Expand service offering

Source: Douglas-Westwood

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Profitable growth driven by 5 key strategies

External focus

Develop new technologies, products and services
- Enhanced lifecycle / Service offering
- Integrated systems
- Offshore mooring systems
- Deepwater load handling

Expand / Develop in key geographies
- China
- Korea
- Gulf of Mexico

Internal focus

Deploy best practice business excellence tools
- Common processes
- Common systems ERP, CRM

Deploy best practice governance model
- Process-based
- Asset-light
- Focused service activities

Expand / Develop into new industries and applications
- Offshore
Hatlapa strengthens merchant and offshore offering

- Attractive deal structure
  - Enterprise value of EUR 160 million
- Annual revenue of ~EUR 120 million
  - 75% merchant
  - 25% offshore
- Expands product coverage in key categories
  - Merchant and offshore winches
  - Offshore automated deck handling (Triplex MDH)
  - Support equipment
- Supports expansion of integrated systems sales
  - Cross selling with MacGregor and Pusnes merchant ship equipment and offshore load handling and mooring equipment
- ~585 new team members bring strong application and customer knowledge
  - Merchant ship winch operations
  - Deepwater automated load handling
  - Service
Pusnes solidifies offshore product portfolio

- Attractive deal structure
  - Enterprise value of ~EUR 180 million
  - Subject to regulatory approvals
- Annual revenue of ~EUR 130 million
  - 25% merchant
  - 75% offshore
- Expands product coverage in key offshore categories
  - Offshore mooring and loading systems
- Supports expansion of integrated systems sales
  - Combined offshore package sales with MacGregor and Hatlapa offshore load handling and mooring equipment
  - Broadening geographical presence in merchant ship
- ~370 new team members bring deep application and customer knowledge
  - Deep water, harsh environment mooring and load handling
  - Service
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Conclusions

- **Leadership position** in both the merchant and offshore equipment markets
- **Proven track record** of understanding and responding to market changes
- **Clear strategies** to move forward
  - Continue to develop innovative technologies
  - Fully integrate and leverage Hatlapa and Pusnes
  - Expand our service offering and capabilities

Well positioned for profitable growth