Kalmar profit improvement is proceeding as planned

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President, Kalmar
1. Status of Kalmar profitability development

2. Kalmar must-win battles
   - Mobile Equipment
   - Services
   - Automation

3. Conclusions
Clear progress in Kalmar profitability development
Kalmar is on track with profit improvement initiatives

2012
- Organisational efficiency and refocused R&D
- Project delivery capability development
- Supply footprint development
- Development of service business

2013
- Ramp-up of production in Rainbow Cargotec Industries joint venture
- Further development of integrated port automation solutions
- Improvements in design-to-cost

2014
- 51M cost overruns in STS projects
- No cost overruns from automation projects
- Forklifts moved to Cibolo in NA
- Kalmar Care contracts won
- Good order intake for RTGs
- VICTL contract
- New products launched

We are on track with 40M run rate improvement
Kalmar Profit Improvement Programme

Supply footprint and design-to-cost
Sourcing
Sales/Service network
Pricing
Spare parts
Total savings (2014 impact)
Supply footprint and design-to-cost
Automation and Projects Division
Sourcing
Sales/Service network
Pricing
Spare parts
Total savings (2015 impact)
Kalmar business mix has changed

Terminal projects 30% ↓

Equipment 42% ↑

Services 28% ↑
Must-win battle:
How to secure competitiveness of Mobile Equipment
New Kalmar Ottawa T2 distribution tractor strengthens our market position in Americas

- Innovative, operator-friendly design
- Safety enhancements and easier maintenance and serviceability
- Profit improvement initiatives integrated
  - Design-to-cost
  - Sourcing
  - Improved pricing power
- Excellent launch and market acceptance
- All time record in order intake and production
- Market share growing
New G-generation electric forklift launched for industrial customers

- Energy efficient and highly environmentally friendly product
- Equally high performing as powerful diesel trucks
- Reduced total cost of ownership
- Profit improvement initiatives integrated
  - Design-to-cost
  - Sourcing
  - Improved pricing power
Kalmar Gloria reachstacker enters Asia and Americas

- High-end product developed based on customer values
- Differentiation against low-cost competition
- Profit improvement initiatives integrated
  - Design-to-cost
  - Sourcing
  - Improved pricing power
- Meeting customer requirements in emerging markets with specialised offering: T-models a success in APAC, now entering also Middle East, Africa and Latin America
Must-win battle:
How to set Services back to peer growth
Services development continues in all areas

- Kalmar Care contracts won in all regions
- Kalmar Care for automated terminals – work in progress
- Crane Upgrades growth delayed, but still anticipated
- Spare parts pricing and tool development will show results in 2015
Must win battle:

How to win in automation
Lessons learned from current mega projects, now we are ready to win

- **TraPac, Los Angeles**
  Status: Commercial operations partly started, in the optimisation phase

- **DPW London Gateway**
  Status: Commercial operations started, in the optimisation phase

- **HHLA, Hamburg**
  Status: Completed

- **DPW Brisbane**
  Status: Commercial operations started, in the optimisation phase

- **Patrick, Sydney**
  Status: Handing over in process

- **VICTL, Melbourne**
  Status: Contract signed

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Kalmar and Navis have a leading position in port automation

Kalmar’s current market share 30–50%, Navis 80% in automated terminals
Digital ecosystem revolutionises the way of working

Testing & simulation
- Investment in Tampere Technology and Competence Centre
- Automation test field
- Automation laboratory
- Simulation environment
- Proto shop

Cooperation with local partners
- Strong utilisation of R&D ecosystem results
- University of Tampere
- FIMECC
- SME partners
- Public funding partner: Tekes

Terminal Logistics System (TLS)
- Modular system architecture
- Measurement systems
- Remote diagnostics
- Fault management
- Graphical UI framework
- Pre-integrated with Navis N4 TOS and Kalmar equipment

Terminal Operating System (TOS)
Kalmar has all the capabilities to respond to the increased demand for port automation

- Terminals are looking for different types of automation
- Greenfield projects = New automated terminals, expansion of current automated terminals or conversions of existing manual operations
  - Currently approx. 25 projects on-going or planned
  - Expected 20 more projects in coming five years
- Brownfield projects = Automating existing manual operations
  - Development in early phase
  - Currently approx. 130 existing straddle carrier terminals, of which 10% with automation potential
  - Currently approx. 430 existing RTG terminals, of which 10–15% with automation potential
Conclusions

- Project delivery capabilities improved based on lessons learned
- Excellent development in Mobile Equipment will continue
- Good progress in Services in most of the areas
- Strong future growth expected for port automation
- Increased investments in automation and digitalisation

Kalmar is driving for industry leading financial performance