Strong progress in becoming the leader in intelligent cargo handling and delivering shareholder returns
Strong progress in becoming the leader in intelligent cargo handling

Sustained progress since 2013
Strategy execution well on track
- Digitalisation driving new revenues
- Growing in services
- Leadership as a competitive advantage

Financial targets reflect our confidence in growing shareholder returns
Strong global player with well-balanced business

Sales:
EUR 3,425 million
EBIT: 7.5%

Sales split: new equipment vs service and software

Service and software 30%
New equipment 70%

Sales by business areas
MacGregor 20%
Kalmar 49%
Hiab 31%

Sales by geographical area
AMER 31%
EMEA 43%
APAC 26%

Strengths we are building upon
Leading market positions in all segments
Strong brands
Loyal customers
Leading in technology

Figures: Q2 2017 LTM (Q3/16-Q2/17)
EBIT % excluding restructuring costs
Kalmar growth driven by services, software and mobile equipment

Hiab growth strong in Americas and Europe, supported by successful R&D

MacGregor sales decline due to difficult market environment

Sales growth +8% since 2013 despite shipping downturn, +15% excluding MacGregor
Kalmar’s operating profit* has increased by 117% since 2013

Hiab’s operating profit* six times higher than in 2013

MacGregor’s operating profit* has remained positive despite challenging market situation

Investments into improved control environment paying off

### Operating profit* has increased 104% since 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>MEUR</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>24</td>
<td>4.0%</td>
</tr>
<tr>
<td>2014</td>
<td>61</td>
<td>4.4%</td>
</tr>
<tr>
<td>2015</td>
<td>101</td>
<td>6.2%</td>
</tr>
<tr>
<td>2016</td>
<td>140</td>
<td>7.1%</td>
</tr>
<tr>
<td>Q2 2017 LTM</td>
<td>149</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

*) Excluding restructuring costs, **) Including Corporate admin and support
LTM=Last 12 months (Q3/16-Q2/17)
Growth investments are delivering higher gross profit

R&D investments focused on
- Digitalisation
- Competitiveness and cost efficiency of products
- Offering for eco-efficiency

Gross profit improvement driven by
- New products and product redesign
- More efficient project management

*) LTM = Last 12 months, Q3/16 – Q2/17
Services and software annual sales exceed EUR 1 billion

Service and software sales are increasing

Service and software 30% of total sales

- 26% in 2013
- 24% increase in service and software sales since 2013
  - Kalmar +23%
  - Hiab +21%
  - MacGregor +33%

*) Software sales defined as Navis business unit and automation software
**) LTM – Last 12 months (Q3/16-Q2/17)
Our role is to maximize shareholder value across our businesses

Index vs. OMX Helsinki and Cargotec total shareholder return (1 January 2013=100)
We are transforming from equipment provider into a leader in intelligent cargo handling

2013
Product leadership
Good equipment company
→ Product R&D drives offering development and higher gross profit

2018
Services leadership
World-class service offering
→ Connected equipment and data analytics building value on data
→ Significant software business

2020
Leader in intelligent cargo handling
40% of the sales from services and software
→ More efficient and optimised cargo handling solutions

MUST-WINS
Lead digitalisation
World class service offering
Build world class leadership
Leading cargo flow digitalisation to create new revenues

MAIN ACHIEVEMENTS

- Significantly increased resources and competences
  - 100 full-time employees more focusing on digitalisation
  - Establishment of the IoT Cloud data platform and connectivity solutions
  - Solid 54% growth in software sales since 2013
  - XVELA industry collaboration platform introduced
  - Digital business accelerator programme

NEXT STEPS

- All new equipment connected by 2018
  - 20+ new digital products to be launched in 2017-2018
  - Build on Navis position as industry leader

FUTURE AMBITION

- Target to double software and digital services revenues during next 3-5 years
  - Deliver customer value and drive the industry towards better optimization and sustainability with software, automation, data and collaboration platforms
## Becoming industry benchmark in services

### MAIN ACHIEVEMENTS

- **Dedicated service organizations**
  - Increased focus on services
  - Over 4,000 persons in global service network
  - Value adding services product portfolio
  - E-commerce platforms launched
  - Service sales growth 20% since 2013

### NEXT STEPS

- **Increase spare parts capture rates**
  - Boost service contract attachment rates
  - Design to service to enhance spare parts sales
  - Enable connectivity for all new equipment
  - Strengthen own service network
  - Introduce new service products

### FUTURE AMBITION

- **Become benchmark in services in our industry**
  - Culture change from products to customer value
  - Capturing increasing value through service-based business models
Investing in world-class leadership to deliver high performance

MAIN ACHIEVEMENTS

Tailored, data-based leadership model to drive our performance and strategy execution
- Top 300 and next 700 leaders assessed and trained during 2016-17

NEXT STEPS

Complete the roll-out of the leadership assessments and training
- Personal change planning to help leaders turn around low-performing organizational climates - leader by leader

FUTURE AMBITION

Leadership is competitive advantage for Cargotec
- Leadership performance is embedded in all aspects of the employment lifecycle
- 50% increase in leaders who create high performing organizational climates
Sustainability is our competitive advantage

Sales account for around 20% of the total revenue in 2016:
Significant R&D and digitalisation investments drive the growth of offering for eco-efficiency
Updated financial targets reflect increased stability and profitability

<table>
<thead>
<tr>
<th>Targets from 2015</th>
<th>New targets</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow faster than the market</td>
<td>Grow faster than the market</td>
<td>Growth rates 2013 - Q2 2017 LTM per annum (CAGR): Kalmar 2.0%, Hiab 5.9%, MacGregor -3.6%</td>
</tr>
<tr>
<td>EBIT margin 10% for each business area over the cycle</td>
<td>Cargotec operating profit margin 10% in 3-5 years</td>
<td>Q2 2017 LTM: 7.5%**</td>
</tr>
<tr>
<td>Service and software sales 40% of net sales</td>
<td>Service and Software sales 40% of net sales, minimum EUR 1.5 billion in 3-5 years</td>
<td>Q2 2017 LTM: 30% (\text{total EUR 1.04 billion})</td>
</tr>
<tr>
<td>Dividend 30-50% of earnings per share</td>
<td>Increasing dividend in the range of 30-50% of EPS, dividend to be paid twice a year*</td>
<td>2013-2016: steady 31% p.a. (CAGR) increase in absolute dividend, average 46% of EPS</td>
</tr>
<tr>
<td>15% ROCE over the cycle</td>
<td>15% ROCE in 3-5 years</td>
<td>Q2 2017: 10.2% (annualised)</td>
</tr>
<tr>
<td>Gearing below 50%</td>
<td>Gearing below 50%</td>
<td>Gearing 42.7% in Q2 2017</td>
</tr>
</tbody>
</table>

*To be proposed to Annual General Meeting 2018
**Excluding restructuring costs

Cargotec CMD 2017
12/9/2017 14
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