

Leading cargo flow digitalisation to create new revenues

DIGITALISATION
SERVICES
LEADERSHIP

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

Kalmar has significant software business and great foundation to deliver more value

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

New digital offering introduced

- Kalmar Insight digital offering providing real-time visibility to terminal's productivity and performance .
- New digital marketplace for Kalmar Parts
- Kalmar OnWatch terminal remote support
- XVELA industry collaboration platform

Investments

- Significant software development team extension
- M&A: Interschalt digital offering
- Digital Business Initiative for Kalmar Mobile Equipment

Internal efficiency

- Digitalisation programs for operational excellence

NEXT STEPS

All new equipment connected in 2018

- New safety solutions to reduce accidents and damage to goods in terminals
- Maximise customers' fleet availability and performance
- Maximise the use of data to optimise container flows
- Extending the digital services and automation solutions offering including third party equipment
- Advanced remote support
- Telematics enabled automated maintenance

FUTURE AMBITION

Kalmar Artificial Intelligence vision: Port 2020 is highly automated, "learning container router" in the global flow of goods.

- We will utilise our unique portfolio (TOS, SW, automation, EQ, services) and AI for data driven intelligent services to improve customers' productivity
- We will utilise the large variety of data sources to add value to new stakeholders in the container supply chain
- Virtual terminal and remote support enable continuous improvement and superior support for our customers

Hiab - pioneering the load handling industry through digitalisation

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

Founded New Business Solutions function to drive digitalisation across Hiab (28 FTE)

- Created Hiab Connected Solutions portfolio covering:
 - Connected & Augmented Equipment
 - Smart Services
 - New Business Solutions
- Pilot projects running with key customers in all major market areas
- New digital marketplace for Hiab Parts

NEXT STEPS

All new equipment connected by 2018

- Commercial launch of Hiab Connected Solutions portfolio market-by-market
- Further development of new solutions for key segments such as military, waste management
- Further ramp-up of software & platform development capabilities and resources
- Strategic partnerships (technology, business)

FUTURE AMBITION

Develop Hiab into a complete solution provider

- Customer first – delivering a complete customer experience through digitalisation
 - Equipment, services, solutions
- Lead the industry in developing pioneering solutions in key segments
- Create value and explore new business models through software, platforms and solutions

MacGregor - connecting marine equipment to enhance life cycle support

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

Significantly increased resources and competences

- MacGregor Digital Network established across product lines
- Virtual / Augmented reality training center in Norway founded
- First Hackathon realized for the marine industry
- State funded digital research projects in Finland, Norway and Germany
- Download of harvested crane operation data to Cargotec cloud

NEXT STEPS

All equipment connectable by 2018

- First autonomous cargo crane to be delivered to customer
- Launch gateway to transmit data from offshore to cloud
- Legal and contractual framework to connect globally sailing vessels
- Pilot applications for predictive maintenance
- Enhanced online offering
- Start applying advanced data analytics

FUTURE AMBITION

Transformation from equipment supplier to life cycle supporting partner in the marine industry

- Front runner in applying automation to enhance operational performance
- Deliver products with highest availability and minimum downtime
- Become a leader in efficient external and internal process management using all means of digitalisation
- Target to create significant digital services revenues

Kalmar in a transformation to become a service driven company

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

New customer value driven service organization and way of working implemented

- Dedicated team for service contract management in place
- Global e-commerce platform launched
- Successful customer pilots for Kalmar Insight digital service solution
- New digital field service tool and processes introduced for service technicians

NEXT STEPS

Expanded offering portfolio and new digital services

- Over 50% of maintenance business is under contracts
- Service contract attachment rate over 10%
- 40% of Parts sales through e-commerce
- Guaranteed 24hrs availability of contracted parts
- Design to service to enhance service sales

FUTURE AMBITION

Kalmar is service driven company

- We co-create with our customers and partners in ecosystems to deliver unique value
- We take responsibility of customer operations through performance based services
- Fully automated spare parts delivery process

Hiab undisputed #1 in the industry segment for services

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

Fundamentals in place

- Maintenance growth 10%
- Industry leader in parts supply chain
- Efficiency improvements from new parts distribution center in US
- World class spare parts webshop introduced
- ProCare maintenance service launched

NEXT STEPS

Accelerating growth

- Expand service portfolio
- Deploy new service offerings based on connected solutions
- Globalize the spare parts webshop
- Strengthen the service network
- Implement service operational excellence

FUTURE AMBITION

Future ambition #1

- The undisputed #1 in the industry segment for services
- Complete service offering with connectivity enhancing the customer lifecycle value
- World class service operation and network

MacGregor ensures to be the industry reference in services

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

Independent service sales organization

- Clear Service strategy in place
- Service product portfolio development
- Shipperserve E-commerce solution

NEXT STEPS

Increase spare parts capture rates

- Move more customers into service contracts
- Design to service to enhance spare parts sales
- Improve response times and delivery performance through single location in Poland
- Launch environmentally friendly solutions
- Digital services, e.g. drone service of difficult to inspect components and drone deliveries of critical components

FUTURE AMBITION

Offer true Lifecycle solutions to maximise customer value

- Maintain leading position in industry and ensure MacGregor is the reference
- Capturing increasing value through service based business models

Building world-class leadership to deliver results

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

Implemented fact based leadership development and assessment model to deliver results

1. Our fact based leadership development and assessment model is fit for our strategy execution and focuses on causality from behavior to bottom-line
2. Our fact-based leadership performance assessment model accelerates strategy execution - we've applied it aggressively to renew 70 of our top 100 leaders and assessed and trained top 1,000 leaders 2016-2017
3. Our harmonized performance management and incentive systems are strongly aligned with our strategy. Digitalized target setting and incentive platform implemented for top 1,000
4. Our digitalized talent process ensures bottom up talent pipeline visibility, renewal and performance management (top 750 positions planned, with 900 successors)

NEXT STEPS

Turning the low-performing units to high-performing units

1. Complete the initial roll-out of the leadership assessment and training for all the 1,300 leaders
2. Apply continuous personal change planning to help leaders turn around low-performing organizational climates - leader by leader
3. Solidify leadership model and training as standard part of a Cargotec leadership career and regular performance management process
4. Implement the harmonized performance management and incentive system for next 5,000 leaders (2018 target setting) to drive performance
5. Continue to build our HR analytics platform and merge the human data with traditional business KPIs to drive performance

FUTURE AMBITION

Leadership as a competitive advantage for Cargotec

1. **People:** Our people are the most sought-after people leaders and transformers in the industry
2. **Mindset:** Our leaders think people first, powerpoint second
3. **Process:** Leadership performance is embedded in all aspects of the leaders' employment lifecycle and our performance management platform is the foundation for our superior performance
4. **Data:** Every leader gets close to real-time data on how they impact their team and takes actions accordingly
5. **Performance:** Long-term we target 50% increase in leaders who create high performing organizational climates (from 40% to world-class 60%)