1. General information about the CMD
2. Cargotec in brief
3. CEO Mika Vehviläinen
   Strong progress in becoming the leader in intelligent cargo handling and delivering shareholder returns
4. Kalmar, Antti Kaunonen
   Shaping the industry through intelligent cargo handling
5. Hiab, Roland Sundén
   Pioneering Hiab – well positioned for further profitable growth
6. MacGregor, Michel van Roozendaal
   Performing in challenging market conditions
7. CFO Mikko Puolakka
   Strong commitment to improving profitability
8. Break-out sessions
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.30</td>
<td>Strong progress in becoming the leader in intelligent cargo handling and delivering shareholder returns</td>
<td>Mika Vehviläinen, CEO</td>
</tr>
<tr>
<td>13.00</td>
<td>Shaping the industry through intelligent cargo handling</td>
<td>Antti Kaunonen, President, Kalmar</td>
</tr>
<tr>
<td>13.30</td>
<td>Pioneering Hiab – well positioned for further profitable growth</td>
<td>Roland Sundén, President, Hiab</td>
</tr>
<tr>
<td>14.00</td>
<td>Coffee break</td>
<td></td>
</tr>
<tr>
<td>14.20</td>
<td>Performing in challenging market conditions</td>
<td>Michel van Roozendaal, President, MacGregor</td>
</tr>
<tr>
<td>14.50</td>
<td>Strong commitment to improving profitability</td>
<td>Mikko Puolakka, CFO</td>
</tr>
<tr>
<td>15.30</td>
<td>Coffee break, please move to break-out sessions (room marked in your name tag)</td>
<td></td>
</tr>
<tr>
<td>15.45</td>
<td>Break-out session 1</td>
<td>Services</td>
</tr>
<tr>
<td>16.10</td>
<td>Break-out session 2</td>
<td>Digitalisation</td>
</tr>
<tr>
<td>16.35</td>
<td>Break-out session 3</td>
<td>Leadership</td>
</tr>
<tr>
<td>17.00</td>
<td>Cocktails and snacks with the management</td>
<td></td>
</tr>
</tbody>
</table>
Speakers

Mika Vehviläinen
CEO

Mikko Puolakka
CFO

Antti Kaunonen
President, Kalmar

Roland Sundén
President, Hiab

Michel van Roozendaal
President, MacGregor
Break-out sessions instructions

Please find your room number from your name tag.

Each group will have 20 minutes with each topic.

Groups stay in the dedicated rooms for all the break-out sessions.
Cargotec teams change rooms between sessions.

Lead digitalisation
Soili Mäkinen, CIO
Lasse Eriksson, VP, Kalmar New Service Business Concepts
Jan-Erik Lindfors, VP, Hiab New Business Solutions
Alexander Nürnberg, SVP, MacGregor

World class service offering
Thomas Malmborg, SVP, Kalmar Services
Christian Bjorne, VP, Hiab Sales & Services EMEA
Anna Almlöf, VP, Hiab Services
John Carnall, SVP, MacGregor Services

Build world class leadership
Mikko Pelkonen, SVP, Human Resources
Cargotec Investor Relations

Hanna-Maria Heikkinen
Vice President, Investor Relations
Tel. +358 20 777 4084
hanna-maria.heikkinen(at)cargotec.com

Pekka Rouhiainen
Manager, Investor Relations
Tel. +358 40 739 5897
pekka.rouhiainen(at)cargotec.com

Tiina Aaltonen
Executive Assistant to the CFO and IR
Tel. +358 20 777 4105
tiina.aaltonen(at)cargotec.com
Disclaimer

These presentations contain forward looking statements which involve risks and uncertainty factors. These statements are not based on historical facts but relate to the company’s future activities and performance. They include statements about future strategies and anticipated benefits of these strategies.

These statements are subject to risks and uncertainties. Actual results may differ substantially from those stated in any forward looking statement. This is due to a number of factors, including the possibility that Cargotec may decide not to implement these strategies and the possibility that the anticipated benefits of implemented strategies are not achieved. Cargotec assumes no obligation to update or revise any information included in this presentation.
Cargotec in brief
Key figures Q2 2017 LTM

Orders received: EUR 3,212 million
Sales: EUR 3,425 million
Operating profit\(^1\): EUR 258 million (7.5% margin)
Service and software sales: EUR 1,037 million
Cash flow from operations: EUR 278 million
Employees: 11,147

Investment highlights

1. Technology leader and strong market positions, leading brands in markets with long term growth potential
2. Transforming from equipment provider into a leader in intelligent cargo handling
3. Growing services business and asset light business model are decreasing the impact of cyclicality
4. Capitalizing global opportunities for future automation and software growth
5. On track for profitability improvement and to reach financial targets

Net sales split by business area

Q2 2017 LTM

- Kalmar: 49%
- Hiab: 31%
- MacGregor: 20%

EBIT\(^1\) split by business area

Q2 2017 LTM

- Kalmar: 127 EUR million
- Hiab: 149 EUR million
- MacGregor: 231 EUR million

Operating profit\(^1\) development

EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Q2 2017 LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>127</td>
<td>149</td>
<td>231</td>
<td>250</td>
<td>258</td>
</tr>
</tbody>
</table>

Cash flow from operations

EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Q2 2017 LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>181</td>
<td>204</td>
<td>315</td>
<td>373</td>
<td>278</td>
</tr>
</tbody>
</table>

Cargotec’s three business areas in brief

**Kalmar**
- Solutions ranging from equipment to full automation and software for ports and terminals
- Net sales (Q2 2017 LTM): 1,680 million
- EBIT\(^1\) (Q2 2017 LTM): 139 million

**Hiab**
- World’s leader in cargo lifting solutions on the road
- Net sales (Q2 2017 LTM): 1,059 million
- EBIT\(^1\) (Q2 2017 LTM): 149 million

**MacGregor**
- Leader in merchant shipping and offshore solutions
- Net sales (Q2 2017 LTM): 687 million
- EBIT\(^1\) (Q2 2017 LTM): 11 million

Balance sheet (Q2 2017)

Balance sheet total: EUR 3,541 million
Interest-bearing net debt: EUR 599 million
Net debt / EBITDA: 2.2 (Q2 2017 LTM)
Equity: EUR 1,401 million
Gearing: 42.7%
Equity / total assets: 41.1%
Average interest rate: 2.2%

Financial targets

- Grow faster than the market
- Cargotec operating profit margin 10% in 3-5 years
- Service and Software sales 40% of net sales, minimum EUR 1.5 billion in 3-5 years
- Increasing dividend in the range of 30-50% of EPS, dividend to be paid twice a year*
- 15% ROCE in 3-5 years
- Gearing below 50%

*To be proposed to Annual General Meeting 2018

Q2 2017 LTM = Last twelve months, Q3/16 – Q2/17
1) Excluding restructuring costs
2) Excluding Corporate admin and support functions
Container throughput growth has accelerated in 2017

Source: Drewry: Container forecaster Q2 2017
Construction output forecast

Annual Construction Output

Construction output growth by geographical area

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>3.1%</td>
<td>2.3%</td>
<td>2.4%</td>
<td>3.9%</td>
<td>3.5%</td>
<td>2.9%</td>
</tr>
<tr>
<td>South America</td>
<td>-1.4%</td>
<td>-2.0%</td>
<td>0.5%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.9%</td>
</tr>
<tr>
<td>North Europe</td>
<td>1.0%</td>
<td>-0.4%</td>
<td>2.7%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Central Europe</td>
<td>1.6%</td>
<td>1.1%</td>
<td>2.4%</td>
<td>2.1%</td>
<td>1.6%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>2.2%</td>
<td>3.1%</td>
<td>2.0%</td>
<td>2.3%</td>
<td>2.6%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>4.5%</td>
<td>4.6%</td>
<td>4.5%</td>
<td>4.2%</td>
<td>4.3%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Total</td>
<td>2.9%</td>
<td>2.8%</td>
<td>3.1%</td>
<td>3.5%</td>
<td>3.4%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Source: Oxford construction output, June 2017 (All Output series are measured in Billions, 2010 Prices)
Merchant shipping and offshore markets may have reached the bottom in orders

Long term contracting 2012-2026
Merchant ships > 2,000 gt (excl ofs and misc)

Long term contracting 2014-2023
Mobile offshore units

Source: Clarkson, March 2017
## IR calendar in 2017

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 September</td>
<td>Roadshow</td>
<td>Madrid</td>
</tr>
<tr>
<td>26 September</td>
<td>Roadshow</td>
<td>Stockholm</td>
</tr>
<tr>
<td>26 September</td>
<td>Roadshow</td>
<td>Boston</td>
</tr>
<tr>
<td>27 September</td>
<td>Roadshow</td>
<td>Montreal</td>
</tr>
<tr>
<td>28-29 September</td>
<td>Roadshow</td>
<td>New York</td>
</tr>
<tr>
<td>6-27 October</td>
<td>Silent period</td>
<td></td>
</tr>
<tr>
<td>27 October</td>
<td>Q3 2017 interim report</td>
<td></td>
</tr>
<tr>
<td>3 November</td>
<td>Q3 lunch presentation</td>
<td>Helsinki</td>
</tr>
<tr>
<td>7-8 November</td>
<td>Roadshow</td>
<td>London</td>
</tr>
<tr>
<td>8 November</td>
<td>Roadshow</td>
<td>Edinburg</td>
</tr>
<tr>
<td>9 November</td>
<td>Roadshow</td>
<td>Amsterdam</td>
</tr>
<tr>
<td>13 November</td>
<td>Roadshow</td>
<td>Singapore</td>
</tr>
<tr>
<td>16 November</td>
<td>Roadshow</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>20 November</td>
<td>Roadshow</td>
<td>Tokyo</td>
</tr>
<tr>
<td>1 December</td>
<td>Hiab Investor Day</td>
<td>Helsinki</td>
</tr>
<tr>
<td>6 December</td>
<td>Roadshow</td>
<td>Chicago</td>
</tr>
<tr>
<td>7-8 December</td>
<td>Roadshow</td>
<td>New York</td>
</tr>
</tbody>
</table>
Next IR events for investors and analysts

Hiab investor day, Helsinki
1 December 2017
Speaker: Roland Sundén, President of Hiab
The programme consists of a presentation by Roland Sundén and a Q&A session. The event provides an excellent opportunity to get more in-depth information on Hiab’s business and strategy.

Site visit to Hiab and Kalmar production facility in Poland, Stargard Szczecinski
28 March 2018
Site tour to Hiab’s multi-assembly unit for loader cranes and forestry cranes as well as Kalmar’s new forklift truck production site
IR video gallery

Easy way to stay up-to-date of Cargotec as an investment and recent events

- Brief reviews of interim reports
- Business area videos
- Interviews and recaps of events
IR blog

Make sure you follow our IR blog – relevant information of our business to support your investment decision
- Q&As
- Reviews of events
- Comments of results
## Largest shareholders

### 31 August 2017

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>% of shares</th>
<th>% of votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wipunen varainhallinta Oy</td>
<td>14.1</td>
<td>23.7</td>
</tr>
<tr>
<td>Mariatorp Oy</td>
<td>12.3</td>
<td>22.9</td>
</tr>
<tr>
<td>Pivosto Oy</td>
<td>10.5</td>
<td>22.1</td>
</tr>
<tr>
<td>KONE Foundation</td>
<td>3.0</td>
<td>5.5</td>
</tr>
<tr>
<td>The State Pension Fund</td>
<td>1.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Ilmarinen Mutual Pension Insurance Company</td>
<td>1.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Varma Mutual Pension Insurance Company</td>
<td>0.8</td>
<td>0.3</td>
</tr>
<tr>
<td>SEB Finlandia Investment Fund</td>
<td>0.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Herlin Heikki Juho Kustaa</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Sigrid Jusélius Foundation</td>
<td>0.6</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Nominee registered and non-Finnish holders</strong></td>
<td><strong>30.9</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total number of shareholders</strong></td>
<td><strong>21,080</strong></td>
<td></td>
</tr>
</tbody>
</table>

**% of shares**

- Wipunen varainhallinta Oy: 14.1%
- Mariatorp Oy: 12.3%
- Pivosto Oy: 10.5%
- KONE Foundation: 3.0%
- Others: 60.1%

**% of votes**

- Mariatorp Oy: 22.9%
- Wipunen varainhallinta Oy: 23.7%
- Pivosto Oy: 22.1%
- KONE Foundation: 5.5%
- Others: 0.6%

*Wipunen varainhallinta Oy is a company controlled by Ilkka Herlin, Mariatorp Oy a company controlled by Niklas Herlin and Pivosto Oy a company controlled by Ilona Herlin.*
CEO Mika Vehviläinen

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%
Hiab 31%
Kalmar 49%

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

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
Solid growth in Hiab and Kalmar...

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

LTM=Last 12 months (Q3/16-Q2/17)
...with operating profit* more than doubling

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

<table>
<thead>
<tr>
<th>Year</th>
<th>MacGregor</th>
<th>Kalmar</th>
<th>Hiab</th>
<th>Cargotec** operating profit* margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>24</td>
<td>64</td>
<td>63</td>
<td>4.0%</td>
</tr>
<tr>
<td>2014</td>
<td>61</td>
<td>57</td>
<td>54</td>
<td>4.4%</td>
</tr>
<tr>
<td>2015</td>
<td>101</td>
<td>130</td>
<td>30</td>
<td>6.2%</td>
</tr>
<tr>
<td>2016</td>
<td>140</td>
<td>135</td>
<td>18</td>
<td>7.1%</td>
</tr>
<tr>
<td>Q2 2017 LTM</td>
<td>149</td>
<td>139</td>
<td>11</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

Services and software* sales
MEUR

<table>
<thead>
<tr>
<th>Year</th>
<th>Services</th>
<th>Software</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>729</td>
<td>107</td>
<td>836</td>
</tr>
<tr>
<td>2014</td>
<td>814</td>
<td>108</td>
<td>922</td>
</tr>
<tr>
<td>2015</td>
<td>883</td>
<td>121</td>
<td>1004</td>
</tr>
<tr>
<td>2016</td>
<td>872</td>
<td>148</td>
<td>1020</td>
</tr>
<tr>
<td>2017 LTM**</td>
<td>872</td>
<td>165</td>
<td>1037</td>
</tr>
</tbody>
</table>

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
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 word class leadership

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 word class leadership

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 word class leadership

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 word class leadership

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 word 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% 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
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
Shaping the industry through intelligent cargo handling

Antti Kaunonen, President, Kalmar
Shaping the industry through intelligent cargo handling

- We have continued to improve our profitability
- Services provide the biggest medium term growth opportunity
- Industry mega trends support long term growth in automation and software
- We have a unique position to leverage our references to grow automation and software
Kalmar in brief and results after CMD 2015
We deliver industry leading solutions

Navis provides also maritime shipping solutions:
- Storage planning
- Vessel monitoring
- Loading computer
- Route planning

Kalmar
Provides integrated port automation solutions including software services and a wide range of cargo handling equipment.

Xvela
The leading collaboration platform serving the needs of ocean carriers, terminals and their shipping partners. Industry leading spreader manufacturer.
Kalmar is the industry leader in terminal automation and eco-efficient cargo handling.

**Industry leader**

<table>
<thead>
<tr>
<th>MEUR</th>
<th>LTM**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>1,662</td>
</tr>
<tr>
<td>Order book</td>
<td>926</td>
</tr>
<tr>
<td>Sales</td>
<td>1,680</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>138.9</td>
</tr>
<tr>
<td>Operating profit margin*</td>
<td>8.3%</td>
</tr>
<tr>
<td>Personnel</td>
<td>5,788</td>
</tr>
</tbody>
</table>

*) Excluding restructuring costs  
**) LTM = Last 12 months (Q3/16 – Q2/17)
Our profitability improvement has continued

- Improved mega-project delivery capabilities
- Software growth
- Zero emission solutions

- Market leader in China for Reachstackers and Empty Container Handlers
- Absolute € based service growth

*) LTM – Last 12 months (Q3/16 – Q2/17)
**) Excluding restructuring costs
## Our profit improvement potential 2015-2018

<table>
<thead>
<tr>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Automation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project delivery capability development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand Rainbow Cargotec Industries (China) joint venture offering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Further development of integrated port automation solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Software</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand software business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mobile equipment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous improvements in design-to-cost and sourcing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strengthen distribution network</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td></td>
<td>Excel in Services</td>
<td>Excel in Services</td>
</tr>
<tr>
<td>Excel in spare parts</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total 60-100 EUR million improvement potential**

- **Automation**: +20-30 EUR million
- **Software**: +10-20 EUR million
- **Mobile equipment**: +20-30 EUR million
- **Services**: +10-20 EUR million
Services provide our biggest medium term growth opportunity

<table>
<thead>
<tr>
<th>Services</th>
<th>Market share</th>
<th>Market size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment &amp; Projects</td>
<td>20-30%</td>
<td>6B€</td>
</tr>
<tr>
<td>Software</td>
<td>20-30%</td>
<td>0.5-1B€</td>
</tr>
<tr>
<td>Services</td>
<td>3-5%</td>
<td>8B€</td>
</tr>
</tbody>
</table>
Future focus on maintenance contracts

Customer segments:

Ports and terminals, distribution and industrial handling

<table>
<thead>
<tr>
<th>MEUR</th>
<th>LTM*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service orders received</td>
<td>425</td>
</tr>
<tr>
<td>Service sales</td>
<td>439</td>
</tr>
</tbody>
</table>

Service sales by business unit*

- Maintenance contracts: 35%
- Crane upgrades: 10%
- Used equipment: 9%
- Spare parts: 46%

Service sales by geographical area*

- EMEA: 56%
- Americas: 25%
- APAC: 19%

*) LTM = Last 12 months (Q3/16 – Q2/17)
We have the industry’s widest global sales and service network to capture growth

1,500
Kalmar service staff
in 100+ countries*

*) Not including dealers and agents
The current replacement market size for key terminal equipment is EUR 1 billion annually and the market is expected to double in the next decade.

Total Capacity MTEU

The replacement market will grow in coming years, as the container terminal capacity has expanded significantly during the last two decades.

Average lifetime of type of equipment:
- STS - 25 yrs
- RTG - 15 yrs
- SC - 8-10 yrs
- RS/ECH/TT – 8 yrs

Source: Drewry reports: Global Container Terminal Operators 2001-2016 Note: 1995-2000 capacity is estimation based on the assumption that the utilisation rate has been between 70-72% in that period. 2016-2020 forecast based on Drewry’s Global container terminal operators report, published in August 2016.
Industry mega trends support long term growth in automation and software

**Mega vessels**
Efficiency demands increase as marine transport continues to grow. Larger ships require capacity improvements from port operators.

**Sustainability**
Strict emission requirements & growing concern for the environment increase the demand for more intelligent machines with smaller environmental impact.

**Industry consolidation**
New alliances between shipping lines are impacting container traffic flows and setting new efficiency standards for port operators.

**Digitalisation & automation**
Digital and automated solutions provide new possibilities for port operators to improve efficiency, safety and sustainability.
### Business case for automation has not changed since CMD 2015

Cost saving example in a typical automated terminal

#### Indexed P&L manual terminal*

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>100</td>
</tr>
<tr>
<td>Labour Cost</td>
<td>40</td>
</tr>
<tr>
<td>Maintenance</td>
<td>8</td>
</tr>
<tr>
<td>Power &amp; Fuel</td>
<td>4</td>
</tr>
<tr>
<td>IT</td>
<td>2</td>
</tr>
<tr>
<td>Depreciation</td>
<td>10</td>
</tr>
<tr>
<td>Other Costs (land, overhead)</td>
<td>18</td>
</tr>
<tr>
<td>Total costs</td>
<td>82</td>
</tr>
<tr>
<td>Profit</td>
<td>18</td>
</tr>
</tbody>
</table>

#### When converted into an automated operation:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour Costs</td>
<td>60%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>20%</td>
</tr>
<tr>
<td>Power &amp; Fuel</td>
<td>25%</td>
</tr>
<tr>
<td>IT</td>
<td>50%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>30%</td>
</tr>
<tr>
<td>Total costs</td>
<td>27%</td>
</tr>
<tr>
<td>Profit</td>
<td>125%</td>
</tr>
</tbody>
</table>

Additionally, improved safety reduces number of lost working hours, equipment damage costs and insurance premiums

*) Typical manual operation in Europe
Number of automated/semi-automated prospects has even grown since CMD 2015 but decisions to go ahead have been postponed.

Main reasons that have postponed the development:
- Waiting for confirmed performance of over 30 moves per hour
- Lower degree of container traffic growth
- Waiting for shipping alliances to be fully operational

Source: Kalmar Salesforce
Automated RTG projects and prospects excluded,
Cargotec CMD 2017 12/9/2017 46
Software solutions reduce the impact of cyclicality
Navis Terminal and Carrier Solutions aim to reduce inefficiency and waste in the global supply chain

Planning & Execution: plan and execute all moves across terminal/ Increases throughput and lowers cost

Automate & improve truck turn times

Optimise vessel load and discharge across cranes

Optimise container yard moves, save cost and reduce moves

Optimise vessel stowage planning

Optimise vessel operational performance and environmental compliance

Analytics for better operational decision making

Ensure seaworthy loading of vessels

Capture all billable events for accurate and timely billing

Optimise rail load and discharge processes

Optimise vehicle routing and costs

€17 BILLION
of waste and inefficiency

Source: McKinsey
Navis is well positioned for further growth in the end-to-end value chain

Navis Today

TERMINAL & SHIPPING OPERATIONS PROCESS FLOW

INCOMING CONTAINERS
- Container arrives by road/rail transportation and is registered at the terminal

TERMINAL STORAGE
- Container is sorted and stacked at the yard

LOADING
- Container is unstacked from yard and stowed on ship

OCEAN TRANSPORT
- Vessel pilots out of the port, sails across ocean, and pilots into destination port

UNLOADING
- Unloaded from ship onto quay crane. Containers move into trans-shipment or import/export storage

TERMINAL STORAGE
- Containers sorted and stacked in the yard

OUTGOING CONTAINERS
- Containers loaded onto rail/road transport

Navis Tomorrow
End-to-end supply chain network

Suppliers

Shipper
- Road Transport
- Warehouse
- Road & Rail Transport
- Customs Clearance
- Consolidation

Terminal
- Ocean Transport
- Terminal

Customs Clearance
- Deconsolidation Warehouse
- Road & Rail Transport
- Warehouse
- Rail & Road Transport
- Customer & Consignee

Unloading
- Ocean Transport

Loading
- Terminal

Terminal & Shipping Operations Process Flow

Cargotec CMD 2017
12/9/2017 49
VICT: Fully automated turnkey greenfield terminal in Melbourne

- 11 Kalmar AutoShuttles
- 20 Kalmar Automated Stacking Cranes
- Kalmar Automated Truck Handling
- Fully integrated Kalmar TLS with Navis N4 TOS
- System integration services

“Through Kalmar, we will be able to leverage their knowledge and experience from similar automation projects throughout the world and get an integrated system comprising the equipment TLS from Kalmar and the terminal TOS from Navis. We believe that this approach to use a key partner for equipment and software services will help us optimise the operational performance for the future.”

Christian R. Gonzalez
Head of the Asia-Pacific region
ICTSI
Shaping the industry through intelligent cargo handling

- We have continued to improve our profitability
- Services provide the biggest medium term growth opportunity
- Industry mega trends support long term growth in automation and software
- We have an unique position to leverage our references to grow automation and software
Roland Sundén, President, Hiab

Pioneering Hiab
well positioned for further profitable growth
Well positioned for further profitable growth

Accelerated our growth and delivered strong business results

Strengthened our equipment and service leadership positions

Capturing further growth opportunities
Hiab – a global leader in on-road load handling

- Global leader in on-road load-handling equipment and solutions
- Strong brand reputation and loyal customer base
- Comprehensive sales & service network, present in >120 countries
- Total offering of state-of-the art equipment, services, and connected solutions
- Ambition to be the number one partner, inspiring and shaping the industry

<table>
<thead>
<tr>
<th>MEUR Q2 2017 LTM**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
</tr>
<tr>
<td>Order book</td>
</tr>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>Operating profit*</td>
</tr>
<tr>
<td>Operating profit margin*</td>
</tr>
<tr>
<td>Personnel</td>
</tr>
</tbody>
</table>

*) Excluding restructuring costs
**) LTM = Last 12 months (Q3 2016 – Q2 2017)
Excellent business performance development

- Outperformed market in sales & service execution
- Growth in key regions and all equipment segments
- Reinvest in portfolio, distribution, digital offering

- Built world-class infrastructure for spare part sales
- Continued invest in distribution network
- Introduced new service and connected offerings

*) LTM = Last 12 months (Q3/16 – Q2/17)
**) Excluding restructuring costs
Strengthened our market positions…

<table>
<thead>
<tr>
<th>MARKET SIZE* (EUR billion)</th>
<th>KEY SEGMENTS</th>
<th>HIAB POSITION &amp; TREND</th>
</tr>
</thead>
<tbody>
<tr>
<td>~1.3</td>
<td>Construction and Logistics</td>
<td>#1-2</td>
</tr>
<tr>
<td>~0.5</td>
<td>Retail Logistics</td>
<td>#1</td>
</tr>
<tr>
<td>~0.5</td>
<td>Waste and Recycling</td>
<td>#1</td>
</tr>
<tr>
<td>~0.3</td>
<td>Construction and Logistics</td>
<td>#1</td>
</tr>
<tr>
<td>~0.2</td>
<td>Timber, Pulp and Paper</td>
<td>#2</td>
</tr>
</tbody>
</table>

*) Cargotec estimate
...leveraging megatrends and growth drivers

<table>
<thead>
<tr>
<th>MEGA TRENDS</th>
<th>Urbanization and Consumption growth driving needs for efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Digitalization and Connectivity enabling new business solutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET GROWTH</th>
<th>North America and main European markets continue to grow</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Developing markets strong load handling equipment penetration potential</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KEY SEGMENTS</th>
<th>Construction, Waste &amp; Recycling, Logistics and Governmental business segments show continued growth projection</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>PRODUCT OFFERING</th>
<th>New applications market and segment growth potential</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Developing for increasing demand in Electrification and Automation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SERVICE SOLUTIONS</th>
<th>Growing demand for comprehensive life-cycle service offerings and tailored business solutions</th>
</tr>
</thead>
</table>
Service is key in driving sustainable profitable growth...

- Comprehensive sales & service network in >120 countries
- 41 Hiab service centers & workshops and 370+ technicians
- 620+ dealer and service partners and 1,100+ technicians
- Service competence for >110,000 equipment in use

MEUR

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue</th>
<th>% of Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service revenue</td>
<td>237</td>
<td>22%</td>
</tr>
</tbody>
</table>

- Increased service revenue from 2014 to 2016 by 19% and annual growth of 9.1%
- Continued investment into service network and infrastructure to unlock value
- Accelerated development of new services solutions to capture life-cycle value

*) LTM – Last 12 months (Q3 2016 – Q2 2017)
...and we are expanding our service offering to capture life-cycle value

<table>
<thead>
<tr>
<th>SERVICE PRODUCT DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SERVICE CONTRACT OFFERING</td>
</tr>
<tr>
<td>CONNECTED SOLUTIONS</td>
</tr>
</tbody>
</table>

World-class spare parts Webshop rolled out in 28+ countries

ProCare™ is a new full service offering at four levels:
1. Scheduled inspection
2. Essentials (preventive maintenance)
3. Extended warranty
4. Repair and Maintenance

HiConnect™ providing users with real-time insights via web-based dashboards
Unlocking customer value through HiConnect™

Providing **business critical insights** for connected Hiab equipment

- Show equipment usage and efficiency
- Monitor condition and manage uptime
- Improve safe and professional operation
- Increase business productivity across fleet

**Unlocking further value** through proactive service, spare parts, new solutions

Building customer brand **loyalty** and **equipment sales**
Travis Perkins - from customer to partner

"With Hiab HiConnect we are looking to improve safety, transparency and utilization for our fleet. The platform offers the potential to help us decrease downtime, something that costs our business ~£5,000 per week in lost sales if a vehicle is down for any reason."

Graham Bellman, Travis Perkins
Well positioned for further profitable growth

Accelerated our growth and delivered strong business results
Strengthened our equipment and service leadership positions
Capture further growth opportunities
- Capitalize on urbanization, digitalization, connectivity
- Penetrate Brazil and China
- Develop segments and new applications
- Grow and expand service
Performing in challenging market conditions

Michel van Roozendaal, President, MacGregor
Performance – a solid base for continued industry leadership

Successfully defending profitability levels

Continuing to invest in technology and innovation and will lead the industry transformation

In a strong position to take advantage from the long term growth opportunities in the maritime industry
MacGregor – leader in maritime cargo and load handling

MacGregor shapes the offshore and marine industries by offering world-leading engineering solutions and services with a strong portfolio of brands. Shipbuilders, owners and operators are able to optimise the lifetime profitability, safety, reliability and environmental sustainability of their operations by working in close cooperation with MacGregor.

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q2 2017 LTM**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>482</td>
</tr>
<tr>
<td>Order book</td>
<td>507</td>
</tr>
<tr>
<td>Sales</td>
<td>687</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>10.6</td>
</tr>
<tr>
<td>Operating profit margin*</td>
<td>1.5%</td>
</tr>
<tr>
<td>Personnel</td>
<td>1,952</td>
</tr>
</tbody>
</table>

Geographical split of sales**

- AMER: 10%
- EMEA: 32%
- APAC: 58%

Sales mix**

- Services: 28%
- Merchant newbuilding: 40%
- RoRo: 13%
- Offshore newbuilding: 18%
- Merchant newbuilding: 40%

*) Excluding restructuring costs
**) LTM = Last 12 months (Q3 2016 – Q2 2017)
We are an active leader in all maritime segments

- **Merchant Cargo Flow**
  - Container cargo
  - Bulk cargo
  - General cargo
  - Liquid cargo
  - RoRo cargo

- **Marine People Flow**
  - Ferry
  - Cruise
  - Superyachts
  - Walk-to-work

- **Offshore Energy**
  - Oil & Gas
  - Renewables

- **Marine Resources & Structures**
  - Research
  - Fishery
  - Aquaculture
  - Mining
  - Floating structures

- **Naval Logistics and Operations**
  - Naval & Military Supplies Logistics
  - Naval & Military Operations Support
  - Ship-to-ship transfer

**Lifecycle Services**

Picture: Statoil
Maintaining profitability in a difficult market environment…

Despite a reduction of over EUR 450 million in sales since 2015, we maintained positive operating profit levels.

Share of services is steadily growing.

*) LTM = Last 12 months (Q3 2016 – Q2 2017)

**) Excluding restructuring costs
...due to three focus areas

ASSET-LIGHT BUSINESS MODEL

• 90% of manufacturing is outsourced
• Over 30% of design and engineering is outsourced

ACTIVE MARGIN MANAGEMENT

• Product cost reduction with Design-to-Cost program of over MEUR 10 annually
• Establishment of new Asia-based sourcing organisation
• Implementation of new Project Execution Model

STREAMLINED GLOBAL STRUCTURE

• Active headcount management - 770 redundancies incl. divestment of Woodfield, UK (60 persons) and production site in Uetersen, Germany (80 persons)
• Relocating transactional service activities to Gdansk, Poland (50 persons)
• Consolidating support functions
Recent significant orders show our resilience and…

**Merchant ship segment (RoRo)**

MacGregor has signed Port Solution contracts in Australia, Norway, France and Japan. These link spans will enable optimal traffic flow and high flexibility at the quay.

**Offshore segment (FLNG market)**

MacGregor has been commissioned to provide a mooring/riser system for the floating storage and regasification unit (FSRU) by Excelerate. The unit will serve the Moheshkhali floating LNG terminal offshore Bangladesh.
...our traditional core markets are slowly coming back

Fragile recovery in the container and dry bulk shipping, but below historical averages:

- Low oil prices, resilience of US shale production
- Fleet oversupply in both merchant and offshore oil & gas markets continues
- Charter rates remain at historically low levels
- Newbuilding contracting at historically low levels

Source: Clarksons Research, March 2017
Continuing to build a professional service foundation

Three main sales lines exist today:

Spare parts (60%), maintenance (including contracts; 30%) and project work (10%).

Strong focus on disruptive technologies, which are coming from digitalisation and environmental products that will add value for our customers.

<table>
<thead>
<tr>
<th>MEUR</th>
<th>LTM*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service orders received</td>
<td>194</td>
</tr>
<tr>
<td>Service sales</td>
<td>196</td>
</tr>
<tr>
<td>Service personnel</td>
<td>758</td>
</tr>
</tbody>
</table>

Service sales by category*

- Spare parts
- Maintenance
- Projects and Voyage Data Recorder

Service sales by geographical area*

- EMEA
- APAC
- Americas

*) Last 12 months (Q3 2016 – Q2 2017)

Cargotec CMD 2017
Our global services network – a solid foundation for services growth

Main Locations

- Göteborg, Sweden
- Åverøy, Norway
- Örnsköldsvik, Sweden
- Kaarina, Finland
- Anotsu, Japan
- Busan, Korea
- Tianjin, China
- Hamburg, Germany
- Gdynia, Poland
- Shanghai, China
- Singapore
- Houston, USA

Service Hubs

- Arendal/Kristiansand, Norway
- Shanghai, China
- Busan, Korea
- Anotsu, Japan
- Shanghai, China
- Gothenburg, Sweden
- Hamburg, Germany
- Gdynia, Poland
- Tianjin, China
- Houston, USA
- Singapore
# Customer intimacy over the lifecycle; key to growth in services

<table>
<thead>
<tr>
<th>Easy to do business with</th>
<th>Service excellence</th>
<th>Advanced service offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single 24/7 Transactional center in Poland</td>
<td>Online monitoring and support for all equipment</td>
<td>Online equipment optimisation</td>
</tr>
<tr>
<td>Connectable products and mobile asset management</td>
<td>New technical support and training organisation; augmented reality</td>
<td>Up-time guarantee</td>
</tr>
<tr>
<td>Dry-Docking planning tool</td>
<td>On-time delivery of parts</td>
<td>Smart parts advising when and how to change</td>
</tr>
<tr>
<td>All parts labelled MacGregor (including QR codes) for easy reference</td>
<td>Drone inspections for cranes and hatches</td>
<td>Value adding products, bio oils and grease, noise cancelling ramp connectors</td>
</tr>
</tbody>
</table>
CASE:
Cargo Boost – optimising ships’ productivity and earnings

CHALLENGE:
CSCL (part of COSCOCS) and V.Ships identified a demand to transport more 40ft containers on board their vessels in Asia-Europe trade. However, there was a limited number of slots designed for big containers, also limiting the ships’ earning potential.

SOLUTION:
The cargo systems of three 14,000 TEU container ships, which were built in 2011, were optimised with MacGregor Cargo Boost solution to increase capacity and improve flexibility.

After the upgrade, the ships can now take 260 x 40ft containers more and have an increased annual earning potential of USD 2.6 million/ship.
MacGregor Digital – transforming a traditional industry

**STANDARD**
- Delivery and commissioning
- Service and spare parts by operators initiative
- Competition by non-OEM service providers

**CONNECTED**
- Sensors and software for data recording installed
- Connectable for failure analysis, adjustment and software update
- Predictive maintenance

**OPTIMISED OPERATION**
- Smart operation supported by artificial intelligence
- Improving operational performance
- Autonomous operation
We use innovation to improve customer performance

**Autonomous unloading** of bulk by fully automated ship crane.

**MacGregor Sensor Pad** enables monitoring of dynamic loads in container stacks during voyage.

**Winch system** for using fibre rope instead of steel rope for deep-water load handling.
We are capturing "blue growth" opportunities

- Seaborne logistics
- Marine biotechnology
- Marine and seabed mining
- Tourism
- Fishing
- Aquaculture
- Offshore oil and gas
- Offshore wind energy
- Ocean renewable energy

Traditional Core

New Growth
Performance – a solid base for continued industry leadership

Successfully defending profitability levels

Continuing to invest in technology and innovation and will lead the industry transformation

In a strong position take advantage from the long term growth opportunities in the maritime industry
Strong commitment to improving profitability

Mikko Puolakka, CFO
Strong commitment to improving profitability

We have delivered solid improvement in profitability
Our cost efficiency programs are on track
Our financing structure supports strategy execution
We have a concrete plan in place to reach 10% EBIT
We have increased EBIT* margins since 2013 through operational improvements.

**Excluding restructuring costs

**LTM=Last 12 months (Q3/16-Q2/17)

---

**EBIT** 2013
EUR 127 million

---

**Hiab equipment**
4.0%

**Service and software**
3.4%

**Kalmar’s large projects**
1.9%

**Kalmar equipment**
1.6%

**MacGregor equipment business**
1.0%

**R&D, Software, Sales network and Service investments**
-1.5%

**Other fixed costs increases**
-2.5%

**Q2 2017 LTM EBIT-%**
7.5%

---

**EBIT** Q2 2017 LTM
EUR 258 million

---

**EUR 264 million better gross profit**

---

**EUR 133 million increase in fixed costs**
We have four main profit improvement programs in place

EUR 25 million (MacGregor)
EUR 2 million (Interschalt)
EUR 13 million (Lidhult assembly transfer in Kalmar)
EUR 50 million (indirect purchasing and new Business Services operations)
Business Area cost efficiency programs are on track

<table>
<thead>
<tr>
<th>Scope and Target</th>
<th>Status June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MacGregor</strong></td>
<td>Layoffs, asset divestments and lease contract terminations completed</td>
</tr>
<tr>
<td>Reduction of 230 FTEs in China, Finland, Norway,</td>
<td>EUR 12 million savings in H1 2017</td>
</tr>
<tr>
<td>Singapore and Sweden</td>
<td></td>
</tr>
<tr>
<td>Annual savings EUR 25 million in 2017</td>
<td></td>
</tr>
<tr>
<td><strong>Interschalt</strong></td>
<td>Layoffs completed</td>
</tr>
<tr>
<td>Re-organising operations in Germany, USA and China</td>
<td>EUR 1 million savings in H1 2017</td>
</tr>
<tr>
<td>Annual savings EUR 2 million in 2017</td>
<td></td>
</tr>
<tr>
<td><strong>Transfer of Kalmar production site</strong></td>
<td>Production facilities ready. Light and medium fork lift trucks already moved, heavy transferred in H2 2017.</td>
</tr>
<tr>
<td>Forklift trucks production from Lidhult, Sweden to</td>
<td></td>
</tr>
<tr>
<td>Stargard, Poland</td>
<td></td>
</tr>
<tr>
<td>Annual savings EUR 13 million from 2018 onwards</td>
<td></td>
</tr>
</tbody>
</table>
Group wide EUR 50 million cost savings programme proceeding faster than expected

**WHY**
- Investments in common systems as enabler
- EUR ~600 million addressable indirect cost base

**WHAT**
- Reductions in indirect purchasing spend (EUR 30 million), and more efficient support functions (EUR 20 million)

**HOW**
- Central procurement organization to drive indirect procurement cost and efficiency
- Establishing support function services in Sofia
- Automation in Finance, HR, information management and procurement

**Expected savings compared to 2016 cost level, MEUR**

![Graph showing expected savings](image-url)
Strategic sourcing actions and increased efficiencies drive the EUR 30 million indirect procurement savings

2017: EUR 5 million

2020: EUR 30 million

Strategic sourcing
- Consolidation of current supplier base
- Example categories: logistics, facilities management, MRO & investments

Increased efficiencies
- New tools, harmonised processes, automation and internal procurement savings
We establish Cargotec Business Services in Sofia to improve support function efficiency by EUR 20 million

- Savings from consolidation, outsourcing of certain activities, labour arbitrage and robotics
- Scope: Finance, Human Resources, Information Management and Indirect Procurement services primarily from Sofia, Bulgaria
- Good progress in establishing Cargotec Business Services
  - Infrastructure ready, key positions manned
  - First 53 employees joined on 1st of August, induction has started
- Finland as pilot, cooperation negotiations completed in June 2017
Working capital efficiency supports cash flow generation

Key drivers
+ Supply chain optimisation
+ Central spare parts inventory
+ Supplier financing
+ Payment term harmonisation
- Services growth
- Low project orders in Kalmar and MacGregor

Key drivers
- Higher profit
- Working capital efficiency actions
- Asset light business model

* LTM= Last 12 months (Q3/16-Q2/17)
Strong cash flow supports higher dividends as well as investments in R&D and M&A

**Free cash flow generation**

- Dividend distribution according to dividend policy of 30-50% of earnings
- M&A to support strategy
- Investing in organic growth through R&D

**Sources and uses of funds, 2013 – H1/2017, MEUR**

- Change in bank and cash: 35
- Other financing 59
- Dividends 222
- CAPEX 231
- M&A 341
- Financial costs 157
- Taxes 259
- Operative cash flow 1,125
- R&D* 405

*R&D is included in the operative cash flow

**Investment level is stabilizing**

**Becoming more significant**

Operative cash flow 1,125

Change in bank and cash: 35
M&A strategy focusing on bolt-on acquisitions

Key acquisition criteria
Contribution to 15% ROCE target
Recurring business
Increase the potential for services through larger installed base and increased presence
Group gearing long term target of 50%

M&A focus by business area:
Kalmar
Expand service footprint and software offering
Hiab
Expand geographical presence, service and product offering
MacGregor
Focus on distressed assets and software and intelligent technology
## 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% 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
We have good growth opportunities in all business areas

**KALMAR**
- Increasing average ship size and container throughput growth
- Growing automation penetration
- Growing replacement market
- Inland logistics and intermodal offering

**HIAB**
- Growing construction market
- Changing distribution patterns and models
- Increasing lifting equipment penetration in developing countries
- Broad spectrum of industries and segments where involved

**MACGREGOR**
- Growing global trade
- Growing demand for energy
- Maritime intelligence: Customers’ requirements on operational efficiency, predictability and sustainability
- Blue Growth: clean energy, aquaculture, maritime resources
- Autonomous or remotely controlled ship developments a long term opportunity

**MEGATRENDS**
Globalisation, urbanisation, population growth, growing middle class, increasing consumption, digitalisation, energy demand, environmental awareness and demand for more intelligent solutions
Our target is to reach 10% EBIT in the next 3-5 years

Q2/17 LTM* EBIT**

7.5%

~1-2%
Service & Software

~0-1%
Kalmar & Hiab equipment growth

~0.5-1%
Growth in Kalmar's large projects and MacGregor equipment

~0%
Continuing innovations (R&D investments)

~1-2%
Improve cost efficiency, leveraging sales

~10%
EBIT target in the next 3-5 years

*LTM=Last 12 months (Q3/16-Q2/17)
**Excluding restructuring costs
Higher operating profit is key driver to reach 15% ROCE target
We aim to increase dividends annually

Dividend per B share for 2016: EUR 0.95

Higher EPS and strong cash flow support increasing dividend
- Dividend to be paid twice a year*

Target to increase the dividend in the range of 30-50% of EPS

*To be proposed to AGM 2018
Strong commitment to improving profitability

We have delivered solid improvement in profitability
Our cost efficiency programs are on track
Our financing structure supports strategy execution
We have a concrete plan in place to reach 10% EBIT
Please find your room number from your name tag.

Each group will have 20 minutes with each topic.

Groups stay in the dedicated rooms for all the break-out sessions. Cargotec teams change rooms between sessions.

**Lead digitalisation**
Soili Mäkinen, CIO  
Lasse Eriksson, VP, Kalmar New Service Business Concepts  
Jan-Erik Lindfors, VP, Hiab New Business Solutions  
Alexander Nürnberg, SVP, MacGregor

**World class service offering**
Thomas Malmborg, SVP, Kalmar Services  
Christian Bjorne, VP, Hiab Services  
Anna Almlöf, VP, Hiab Services  
John Carnall, SVP, MacGregor Services

**Build world class leadership**
Mikko Pelkonen, SVP, Human Resources
Lead digitalisation

Presented by:

Soili Mäkinen, CIO
Lasse Eriksson, VP, Kalmar New Service Business Concepts
Jan-Erik Lindfors, VP, Hiab New Business Solutions
Alexander Nürnberg, SVP, MacGregor
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
Kalmar has significant software business and great foundation to deliver more value

**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**

### 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

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
World class service offering

Presented by:

Thomas Malmborg, SVP, Kalmar Services
Christian Bjorne, VP, Hiab Sales & Services EMEA
Anna Almlöf, VP, Hiab Services
John Carnall, SVP, MacGregor Services
Kalmar in a transformation to become a service driven company

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

Cargotec CMD 2017
Hiab undisputed #1 in the industry segment for services

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

**MAIN ACHIEVEMENTS**

Independent service sales organization
- Clear Service strategy in place
- Service product portfolio development
- Shipserve 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
Build world class leadership

Presented by:

Mikko Pelkonen, SVP, Human Resources
Building world-class leadership to deliver results

**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%)