ABG Sundal Collier – Spotlight on Finland seminar, Helsinki
Strategy and financial targets
Next corporate theme

Late 80s/early 90s
-1997
1997-2002
2002-2004
2004-2007
2007-2010
2010-2015
2015-

From “lime stone” to engineering
More engineering
One Partek
Kone
Cargotec
One Cargotec
Customer focus globally
Customer Solutions

Excellence in purchasing
Outsourcing
Growth in services
Creation of stand-alone company
Listing to stock exchange
Support, Supply and Services centralised
Hiab and Kalmar merged
Capacity scaled to demand
Regions
Key accounts
Segment development
Footprint, outsourcing
Segment based
Knowledge based solutions
Strategic focus areas 2011–2015

Customers and customer segments
- Improve knowledge of customer needs
- Invest in attractive segments
- Decide which segments to keep and which to divest

Service
- Spare parts logistics
- Regional distribution centres
- Growing up in the value chain towards more preventive maintenance
- Support customers’ operations outsourcing

Emerging markets
- Position in Chinese market
- Develop other growth markets (India, Brazil, Russia and Africa)
- Acquisitions, partnerships, organic growth

Internal clarity
- Common processes
- Harmonisation of information systems
- Further development of I&T organisation
## Customer segmentation - priorities

<table>
<thead>
<tr>
<th>Invest</th>
<th>Harvest &amp; Consider</th>
<th>Divest</th>
</tr>
</thead>
</table>
| • Grow business through customer focus  
  • Acquisitions  
  • Prioritise R&D to expand offering  
  • Account management  
  • Grow market share/defend position | • Product sales approach  
  • Basic services  
  • Standard business models  
  • Standard offering  
  • Cash cow | • Prepare for divesture  
  • No R&D  
  • Maximise short term profits  
  • Organise for carve-out  
  • Focused growth strategy |
| • Develop new business models  
  • Growing market  
  • High Services potential | • Review annually possibilities to Green or Red  
  • Scan potential M&A targets | • Do not matrix with the rest  
  • Allow independent distribution |

- **Invest**
  - Grow business through customer focus
  - Acquisitions
  - Prioritise R&D to expand offering
  - Account management
  - Grow market share/defend position

- **Harvest & Consider**
  - Product sales approach
  - Basic services
  - Standard business models
  - Standard offering
  - Cash cow

- **Divest**
  - Prepare for divesture
  - No R&D
  - Maximise short term profits
  - Organise for carve-out
  - Focused growth strategy
Global factory set-up today
Financial targets

- Annual sales growth exceeding 10% (incl. acquisitions)
- Raising the operating profit margin to 10%
- Dividend 30–50% of earnings per share
- Gearing below 50% (over the cycle)
January–September 2010 financials
Highlights of January–September 2010 report

- Market recovery continued in all segments
- Q3 order intake 56% up y-o-y
- Q3 sales grew 14% y-o-y, seasonality visible in Q3 figures when comparing with Q2
- Industrial & Terminal’s profitability improving
- Marine’s profitability still strong
- Cash flow continued healthy
Market environment in January–September 2010

• The load handling equipment markets have developed positively over the year. However, recovery is uneven, varying geographically and by customer segment. The Americas have seen the most powerful recovery.

• The recovery in demand for container handling equipment in ports remained sluggish. Positive development in large equipment continued in Q3 after starting from low levels, while project demand still remained rather modest.

• The market for marine cargo handling equipment has continued favourable, being clearly more active than expected at the beginning of the year. In particular, demand for equipment for bulk vessels grew. Demand for container ship equipment is showing signs of recovery after a couple of inactive years.

• Due to improvements in customer capacity utilisation rates, the service markets saw a clear improvement after a quiet start to the year. The recovery in demand for spare parts sales extended to other service areas.
## Key figures in January–September 2010

<table>
<thead>
<tr>
<th></th>
<th>Q3 10</th>
<th>Q3 09</th>
<th>Change</th>
<th>1-9/10</th>
<th>1-9/09</th>
<th>Change</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received, MEUR</td>
<td>683</td>
<td>437</td>
<td>56%</td>
<td>2,013</td>
<td>1,364</td>
<td>48%</td>
<td>1,828</td>
</tr>
<tr>
<td>Order book, MEUR</td>
<td>2,395</td>
<td>2,371</td>
<td>1%</td>
<td>2,395</td>
<td>2,371</td>
<td>1%</td>
<td>2,149</td>
</tr>
<tr>
<td>Sales, MEUR</td>
<td>635</td>
<td>559</td>
<td>14%</td>
<td>1,828</td>
<td>1,912</td>
<td>-4%</td>
<td>2,581</td>
</tr>
<tr>
<td>Operating profit excl.</td>
<td>42.8</td>
<td>11.6</td>
<td>97.4</td>
<td>29.6</td>
<td>61.3</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>restructuring, MEUR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>6.7</td>
<td>2.1</td>
<td>5.3</td>
<td>1.5</td>
<td>2.4</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>excl. restructuring, %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit, MEUR</td>
<td>42.2</td>
<td>-3.3</td>
<td>92.9</td>
<td>-7.1</td>
<td>0.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from operations, MEUR</td>
<td>66.4</td>
<td>91.9</td>
<td>193.4</td>
<td>198.7</td>
<td>289.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest-bearing net debt, MEUR</td>
<td>264</td>
<td>400</td>
<td>264</td>
<td>400</td>
<td>335</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>0.38</td>
<td>-0.02</td>
<td>0.82</td>
<td>-0.13</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q3: Industrial & Terminal’s order intake grew 40% y-o-y

- Orders grew in all geographic areas, strongest in APAC
- About 55% of orders from EMEA
Q3: Marine’s order intake again strong

MEUR

- Around 85% of orders from APAC

Q1/08 Q2/08 Q3/08 Q4/08 Q1/09 Q2/09 Q3/09 Q4/09 Q1/10 Q2/10 Q3/10

294 158

4 Nov 2010
Q3: Industrial & Terminal sales grew 15% and Marine 12% y-o-y
Q3: Operating margin for Industrial & Terminal improving

EBIT% excluding restructuring costs
Q3: Marine’s profitability still strong but turning down as expected

EBIT% excluding restructuring costs

14.2%
Gross profit development

%
Cash flow from operations remained healthy

- Net working capital decreased to EUR 89 million (31 Dec 2009: 123 million)
Services sales turned to slight growth

- 1-9/2010: Service 28% of total sales
- Orders received increased in all areas of service business
Clear improvement in earnings per share
EMEA and APAC equal in size by sales

Sales by reporting segment 1-9/2010, %
- Equipment: 81% (79)
- Services: 19% (21)

Sales by geographical segment 1-9/2010, %
- EMEA: 41% (48)
- Americas: 18% (17)
- APAC: 41% (35)
- Marine: 35% (29)

Equipment: 65% (71)
Services: 35% (29)
Cargotec’s key priorities in 2010

• Preparing for growth strategy
• Focused research & development
• Service concept development
• Ensuring accomplishment of efficiency targets
Outlook

• Cargotec continues to estimate 2010 sales to be on 2009 level for both Industrial & Terminal and Marine segments.

• Operating profit for 2010 is expected to be in the range of EUR 120–130 million including one-time restructuring costs.

• The recovery in the market environment and the resulting growth in order volumes support growth in Industrial. The sales of Terminal are expected to fall short of 2009 levels due to the slower recovery of these markets, as second half orders will not have an effect on full-year sales due to delivery times.

• Based on the healthy nine-month development, strong order book and new orders received still to be delivered during 2010, sales in Marine will reach year 2009 level.
we keep cargo on the move™