Strategy and financial targets
Vision and mission

Our vision is

• to be the world’s leading provider of cargo handling solutions

Our mission is

• to improve the efficiency of cargo flows
Company values

we keep cargo on the move™

Sustainable performance

Working together

Global presence, local service
Portfolio

Solutions for industrial and on-road load handling

Solutions for ports and container handling

Solutions for marine cargo handling and offshore load handling
Next corporate theme

- **Late 80s/early 90s**: From “lime stone” to engineering
- **1997-2002**: More engineering
- **2002-2004**: One Partek
- **2004-2007**: Kone
- **2007-2010**: Cargotec
- **2010-2015**: One Cargotec
- **2015-**: Customer focus globally

**Key developments**:
- 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
- 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 customer segments
- Decide which segments to keep and which to divest

Services
- 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

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

Sales growth
Annual sales growth exceeding 10% (incl. acquisitions)

Dividend
Dividend 30–50% of earnings per share

Gearing
Gearing below 50% (over the cycle)

Operating profit margin
Raising the operating profit margin to 10%
January–March 2011 financials
Highlights of January–March 2011 report

• Market activity up in both segments and all geographies
• Order intake and sales grew 37% y-o-y
• Operating profit margin increased to 6.6%
• Cash flow strong despite working capital increasing with volume
• Navis acquisition closed, consolidation from Q2
Market environment in January–March 2011

• Markets for load handling equipment developed positively. Demand for particularly loader cranes, truck-mounted forklifts and tail lifts grew clearly. In Americas, demand continued at a low level in construction-related customer segments.

• The revival in demand in container handling equipment for ports began to show in the form of larger project orders. Demand for rubber-tyred gantry cranes in particular was strong.

• The marine cargo handling equipment markets remained healthy. While demand for equipment for bulk vessels is showing signs of slowing, that for container ship equipment has picked up.

• The services markets continued to improve. Demand picked up for various refurbishment and modernisation projects.
### Key figures in January–March 2011

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<th>Q1 2011</th>
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<td>Earnings per share, EUR</td>
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Q1: Industrial & Terminal’s order intake grew 29% y-o-y and 16% q-o-q

- 54% of orders from EMEA
- Orders grew strongest in APAC
Q1: Marine’s order intake continued healthy

- 70% of orders from APAC
- Demand for equipment for bulk ships high
Q1: Industrial & Terminal sales grew 41% and Marine sales 34% y-o-y
Q1: Industrial & Terminal operating margin improving step-by-step

EBIT% Q1/08–Q4/10 excluding restructuring costs

* Excluding EUR 1.8 million cost related to Navis acquisition
Q1: Marine’s profitability remained strong

EBIT% Q1/08–Q4/10 excluding restructuring costs
Gross profit development

%
Cash flow from operations remained strong

- Q1 cash flow remained strong
- Net working capital increased to EUR 83 million due to increased volumes
Services sales recovering slowly

- Services sales 23 (28) percent of total sales
- According to the specified services definition, Marine services slightly lower

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Earnings per share continued to improve

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<td>Q1/11</td>
<td>0.59 EUR</td>
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EMEA and APAC equal in size by sales

Sales by reporting segment 1-3/2011, %
- Equipment: 88% (84)
- Services: 12% (16)

Sales by geographical segment 1-3/2011, %
- Equipment: 70% (64)
- Services: 30% (36)

Marine
Industrial & Terminal
Americas
APAC
EMEA
Navis acquisition – accounting treatment effects

• Transaction costs – all of EUR1.8 million booked in Q1/2011

• Acquisition accounting – preliminary purchase price allocation (PPA) calculation results in annual depreciation cost of approximately EUR 5 million as of Q2/2011 for multiple years

• Deferred revenue on acquisition date – under IFRS (and US GAAP) when consolidating into Cargotec deferred revenue adjustment will decrease post-acquisition sales of Navis for slightly over one year. The amount of deferred revenue to be deducted from sales is estimated at approximately EUR 10 million.

→Navis result will have limited impact on Cargotec’s consolidated sales and profitability in 2011, situation will improve from 2012 as only PPA depreciation will continue
Strategic focus areas 2011–2015

Customers and customer segments
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Cargotec’s key priorities in 2011

• Responding to growing demand
• Service growth and service network expansion
• Customer segments
• Position in Chinese market
• Cargotec ERP
Outlook

• Cargotec’s 2011 sales are estimated to grow approximately 20 percent.

• Healthy first quarter order intake both in Industrial & Terminal and Marine segments together with the recovery in the market situation supports a more positive growth expectation. Sales growth and significant efficiency improvement measures executed during the past years support profitability, but there is cost pressure on the markets.

• Cargotec’s 2011 operating profit margin is estimated to be approximately 7 percent.
Appendices
Macro indicator trends for Industrial

Heavy Truck Sales GVW over 15 ton

Heavy Truck Sales growth GVW over 15t

Source: Global Insight Q42010
Macro indicator trends for Industrial

**Total Construction Output**

- **EMEA**
- **AMER**
- **APAC**

**Billion EUR**

- **2007**
- **2008**
- **2009**
- **2010**
- **2011**
- **2012**
- **2013**
- **2014**
- **2015**

**Index 2005 = 100**

**EMEA: Construction Output**

**Annual change (%)**

- **Output Index**
- **Change (%)**

**APAC: Construction Output**

**Annual change (%)**

- **Output Index**
- **Change (%)**

**AMER: Construction Output**

**Annual change (%)**

- **Output Index**
- **Change (%)**

**Source:** Oxford Economics Q1/2011
Macro indicator trends for Terminal

Drewry (Throughput TEU units)

Drewry (Throughput TEU % change)

Source: Drewry Container Forecaster Q1 2011

May 2011
Ship contracting and delivery forecast

Contracting 1999-2015

Deliveries 1999-2018

Source: Clarkson Research Services

Medium-Term Contracting Forecast to 2015

Medium-Term Deliveries to 2018

Source: Clarkson research 3/2011
Terminal operating system

- Trucks
- Automatic stacking cranes
- ASC block
- Automated horizontal transportation
- Ship-to-shore cranes
Terminal operating system

- Trucks
- Automatic stacking cranes and ASC block
- Automated horizontal transportation
- Ship-to-shore cranes
Cargotec Supply has developed

From “Site oriented”…

- No co-ordination between Hiab, Kalmar and MacGregor.
- Tradition manufacturing style (high level of buffers)
- Many small, local factories serving global product lines
- All factories worked in different ways and no common processes
- Sourcing, logistics and quality was locally driven

…to “Supply industrial system”

- One single Supply organisation
- A global network
- Lean production concept (reducing waste)
- Factories assemble a wide range of equipment
- New ways of working - One Company approach
- A global sourcing, logistics and supplier quality organisation that take full advantage of the total product volumes
Global factory set-up today

- Cargotec factory
- Growth economies

May 2011
Increasing sourcing from Eastern EU and APAC

Volume in USA decreased from 2006 to 2009 mainly due to weakening market
Optimising cost of Supply means optimising all parts of cost of goods sold (COGS)
Services geographical growth opportunities
Growing up the value chain

- Spare parts
- On demand service
- Preventive maintenance
- Operations outsourcing
Hiab offering

- Loader cranes
- Truck-mounted forklifts
- Demountables

- Tail lifts
- Forestry cranes
- Stiff boom cranes
- Services
# Key competition with Hiab offering

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<th>Stiff boom Cranes</th>
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<th>Truck-mounted Forklifts</th>
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Kalmar offering

Straddle carriers
Reachstackers
Terminal tractors
Forklift trucks

Ship-to-Shore cranes
RTGs, RMGs
Spreaders
Services

May 2011
Key competition with Kalmar offering

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<th>Ship-to-Shore Cranes</th>
<th>RTG/RMG Cranes</th>
<th>Straddle Carriers</th>
<th>Reach Stackers</th>
<th>Fork Lift Trucks</th>
<th>Terminal Tractors, AGVs</th>
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MacGregor offering

- Hatch covers
- Ship cranes
- Offshore deck equipment
- Securing
- RoRo
- Link spans
- Bulk loaders
- Services

May 2011
Key competition with MacGregor offering

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<th>Deck Cranes</th>
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we keep cargo on the move™