Q2 2015 London road show

Executive Vice President and CFO  Eeva Sipilä

28 September 2015
Cargotec’s business areas

MacGregor
- MacGregor offers integrated cargo flow solutions for maritime transportation and offshore industries
- Global company with facilities near ports worldwide
- Wide offering for ships, ports and terminals and offshore industry

Kalmar
- Kalmar offers the widest range of cargo handling solutions and services to ports, terminals, distribution centres and heavy industry
- Industry forerunner in terminal automation and in energy efficient container handling

Hiab
- Hiab is the global market leading brand in on-road load handling solutions
- Load handling solutions are used in various sectors of on land transport and delivery, including construction, distribution, forestry, warehousing, waste and recycling, and defence
Cargotec’s business basics

Cargotec sales split in 1-6/2015:
- MacGregor: 24%
- Kalmar: 32%
- Hiab: 44%

Geographical split of sales in 1-6/2015:
- EMEA: 29%
- APAC: 32%
- AMER: 39%

Services share of sales in 1-6/2015:
- MacGregor: 20%
- Kalmar: 27%
- Hiab: 24%

Order to delivery lead time:
- EMEA: 12-24 months
- APAC: 6-9 months
- AMER: 2-4 months

September 2015
## Key drivers for the business areas

<table>
<thead>
<tr>
<th>MacGregor</th>
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<tbody>
<tr>
<td>▪ Merchant ship building</td>
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<tr>
<td>▪ Development of global energy demand and oil price, which have a direct</td>
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<td>impact on exploration and production (E&amp;P) spending and investment</td>
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<td>in the oil industry</td>
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<tr>
<td>▪ Oil drilling moving to new locations</td>
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<td>▪ Deep sea environments and subsea installations drive demand for</td>
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<tr>
<td>premium products</td>
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<td>▪ Ship dry dockings, repairs and modernisations</td>
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<tr>
<td>▪ Preventive maintenance and on-call service needs</td>
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<table>
<thead>
<tr>
<th>Kalmar</th>
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<tr>
<td>▪ Gross domestic product (GDP) growth is the main driver behind activities</td>
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<td>in ports and terminals and in the industrial sector</td>
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<tr>
<td>▪ Container traffic is an important driver for around 70 percent of</td>
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<tr>
<td>Kalmar’s business operations</td>
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<tr>
<td>▪ Drewry Shipping Consultants estimates that global container</td>
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<td>throughput will grow by around five percent per year</td>
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<td>▪ Growth in Asia-Pacific is expected to be double that of the rest of</td>
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<td>the world</td>
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<td>▪ Capacity utilisation drives services</td>
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<tr>
<td>▪ Bigger ships drive crane refurbishment</td>
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<tr>
<td>▪ Preventive maintenance and outsourcing needs</td>
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<table>
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<tr>
<th>Hiab</th>
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<td>▪ Hiab’s business fluctuates based on truck sales and construction activity</td>
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<td>Sentiments in the distribution, warehousing and forest businesses also</td>
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<td>affect Hiab</td>
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<tr>
<td>▪ Residential houses, associated roof constructions and other</td>
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<td>construction elements are increasingly built elsewhere and transported</td>
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<td>to their location</td>
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<td>▪ In mature markets, this creates a need for Hiab products, especially</td>
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<td>for high capacity equipment</td>
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<td>▪ In emerging markets, the trend involves a move away from small</td>
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<td>transportation packages</td>
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<tr>
<td>▪ Crane utilisation and increased remote diagnostics drive services</td>
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</table>
Key competitors

MacGregor

Kalmar

Hiab

September 2015
Cargotec’s must wins 2015–

- Driving Hiab to best in class profitability and capital return
- Driving MacGregor profitability over the cycle through better effectiveness
- Safeguarding competitiveness in mobile equipment in Kalmar
- Driving services offering development and growth in MacGregor and Kalmar
- Driving growth in automation in Kalmar
Enabling better performance

Building world class business platforms

Performance culture

Better control, predictability and capital returns

Embracing digitalisation
Cargotec financial targets for 2016

- Operating profit margin (EBIT): >8%
- Return on capital employed (ROCE pre-tax): >13%
- Gearing: <50%
- Dividend: 30–50% of earnings per share

September 2015
MacGregor

September 2015
Contracting forecast reflects imbalance in the ship market

Long-term contracting 2002–2024

Long-term deliveries 1996–2027

Source: Clarkson Newbuilding Market Forecast, April 2015

* 1996 – 2014 average
Mobile offshore unit contracting and delivery forecast

Long-term contracting 2002–2021

Long-term deliveries 2002–2021

Source: Clarkson Offshore Newbuilding Market Forecast, April 2015

September 2015
Strong positions in merchant ship and offshore markets

- Hatch covers, container lashings
- Cranes
- RoRo access equipment
- Port and terminal solutions
- Marine selfunloaders
- Offshore load handling
- Marine loading arms
- Deck machinery
- Steering gears
- Mooring systems
- Offloading systems
- Bow loading systems

September 2015
Key actions to drive profitability in MacGregor

Service
- Right capabilities and systems
- Service footprint
- Excellence in spare parts availability

Sales
- Increase sales by cross-selling & defining sales models
- Increase solution selling

Effectiveness
- Leveraging technology and R&D
- Design to value

Grow services to 30% of sales
Cross-selling 100 MEUR +
2% product margin improvement
MacGregor savings measures

- Weakened market situation
  - Low oil price
  - Low number of merchant ship orders

- Strong focus on earlier announced development programmes continues
  - Sales, services and design-to-cost

- Estimated reduction of 220 employees globally

- EUR 20 million targeted annual savings

- Estimated restructuring cost of EUR 5 million

September 2015
Kalmar offering

Terminal projects

Equipment

Services

September 2015
Container throughput forecast illustrates that Kalmar is in a growth business

Source: Drewry: Container forecaster Q3 2014 and Q2 2015, Base case, August 2015

September 2015
Securing competitiveness of mobile equipment

- New products meeting customer requirements also in emerging markets
  - Energy efficiency improvements
  - Environmentally friendly products
  - Safety enhancements and easier to maintain
- Profit improvement initiatives integrated
  - Design-to-cost
  - Sourcing
  - Improved pricing power
- Reduced total cost of ownership
- Differentiation against low-cost competition

September 2015
Services development continues in all areas

- Kalmar Care contracts won in all regions
- Kalmar Care for automated terminals – work in progress
- Crane Upgrades growth delayed, but still anticipated
- Spare parts pricing and tool development will show results in 2015
Kalmar has all the capabilities to respond to the increased demand for port automation

- Terminals are looking for different types of automation

- Greenfield projects = New automated terminals, expansion of current automated terminals or conversions of existing manual operations
  - Currently approx. 25 projects on-going or planned
  - Expected 20 more projects in coming five years

- Brownfield projects = Automating existing manual operations
  - Development in early phase
  - Currently approx. 130 existing straddle carrier terminals, of which 10% with automation potential
  - Currently approx. 430 existing RTG terminals, of which 10–15% with automation potential
Example of an automated terminal project

TERMINAL CAPACITY: 3 MILLION TEU / YEAR
TOTAL KALMAR SCOPE APPROX. EUR 190-260 MILLION

Horizontal transport
- AutoShuttles
- Units: 60
- Unit value: €0.9-1.1M
- Total: €54-66M

Process automation
- SmartLanes, SmartQuay, SmartTracks, SmartStack, M&S
- Total: €1-6M

Container yard
- Automated stacking cranes (ASCs)
- Units: 40
- Unit value: €2.5-3.5M
- Total: €100-140M

Quay
- Automated lashing platform (ALP)
- Units: 20
- Unit value: €0.6-0.8M
- Total: €12-16M

Container yard
- Automated stacking cranes (ASCs)
- Units: 40
- Unit value: €2.5-3.5M
- Total: €100-140M

Operations
- TOS license and professional services
- Total: €8-11M

Kalmar Optimal Care
- Service and material for equipment care
- 24/7 on-call and remote diagnostics
- Total: €16-18M / year

September 2015
Hiab offering

- Loader cranes
- Loader cranes
- Truck-mounted forklifts
- Demountables
- Tail lifts
- Forestry cranes
- Stiff boom cranes
- Services

September 2015
Two-fold market environment for Hiab

Truck sales growth GVW over 15t, regions

EMEA Construction Output

AMER Construction Output


September 2015
Building a sustainably profitable and growing business in Hiab

“Profitable growth” 2017–

“Preparation for growth” 2015–2016


- Closing the cost gap
- Building the foundation
- Demonstrating clear profitability improvement

- Cost leadership
- Operational excellence
- Investment to product portfolio, processes & systems
- Targeting 10% operating profit margin in 2016

- Leverage cost leadership & operational excellence to drive growth
- Targeted emerging market expansion
- Regain leadership in cranes
- Targeting 10% operating profit margin over a business cycle

September 2015
Three must win battles to reach targets in Hiab

1. Outperform competition in sales & services execution
   - Dealer management
   - Sales funnel management
   - Parts availability

2. Develop customer driven, simplified and competitive product offering
   - Customer insight
   - Product portfolio upgrading
   - Modularisation

3. Reduce value chain complexity, cost and cash conversion cycle
   - Stargard up to full-scale
   - Optimise the distribution network
   - Working capital management

September 2015
January–June financials
Highlights of the second quarter

- Orders declined 11% y-o-y to EUR 887 (993) million due to MacGregor market situation
- Order book strengthened 6% from 2014 year-end to EUR 2,342 million
- Sales grew 16% y-o-y to EUR 936 (804) million
- Operating profit excluding restructuring costs was EUR 58.0 (4.7) million or 6.2 (0.6)% of sales
- Operating profit was EUR 54.9 (-6.0) million
- Cash flow from operations strong at EUR 101.3 (24.4) million
- Profit improvement programmes in Kalmar and Hiab completed ahead of schedule

September 2015
Market environment in January–June

- Market for marine cargo handling equipment was weak
  - Demand for cargo handling solutions for bulk carriers was low, orders were not yet placed for container ship related cargo handling equipment
  - Offshore cargo handling market weakened during Q2

- Demand for container handling equipment and services saw positive development on all continents

- Market for load handling equipment was strong in the US, and varied significantly between countries in Europe
**January–June key figures**

<table>
<thead>
<tr>
<th></th>
<th>4-6/15</th>
<th>4-6/14</th>
<th>Change</th>
<th>1-6/15</th>
<th>1-6/14</th>
<th>Change</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received, MEUR</td>
<td>887</td>
<td>993</td>
<td>-11%</td>
<td>1,826</td>
<td>1,856</td>
<td>-2%</td>
<td>3,599</td>
</tr>
<tr>
<td>Sales, MEUR</td>
<td>936</td>
<td>804</td>
<td>16%</td>
<td>1,825</td>
<td>1,555</td>
<td>17%</td>
<td>3,358</td>
</tr>
<tr>
<td>Operating profit, MEUR*</td>
<td>58.0</td>
<td>4.7</td>
<td>1138%</td>
<td>110.3</td>
<td>29.3</td>
<td>276%</td>
<td>149.3</td>
</tr>
<tr>
<td>Operating profit margin, %*</td>
<td>6.2</td>
<td>0.6</td>
<td></td>
<td>6.0</td>
<td>1.9</td>
<td></td>
<td>4.4</td>
</tr>
<tr>
<td>Cash flow from operations, MEUR</td>
<td>101.3</td>
<td>24.4</td>
<td></td>
<td>152.8</td>
<td>56.9</td>
<td></td>
<td>204.3</td>
</tr>
<tr>
<td>Interest-bearing net debt, MEUR</td>
<td>735</td>
<td>847</td>
<td></td>
<td>735</td>
<td>847</td>
<td></td>
<td>719</td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>0.43</td>
<td>-0.15</td>
<td></td>
<td>0.99</td>
<td>0.05</td>
<td></td>
<td>1.11</td>
</tr>
</tbody>
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*excluding restructuring costs

*September 2015*
**MacGregor Q2 – challenging market situation**

- Order intake declined 35% y-o-y to EUR 220 (338) million
- Order book decreased 2% from 2014 year-end
- Sales grew 18% y-o-y to EUR 308 (261) million
- Profitability excluding restructuring costs was 4.1%
  - Restructuring costs EUR 2.9 million
- Effectiveness and savings programmes progressing as planned
- New President will start in August
Kalmar Q2 – strong orders and sales

- Order intake increased 14% y-o-y to EUR 450 (394) million
- Order book strengthened 18% from 2014 year-end
- Sales grew 21% y-o-y to EUR 391 (323) million
- Profitability excluding restructuring costs was 7.3%
- Profit improvement programme completed ahead of schedule
Hiab Q2 – double digit operating profit margin

- Orders declined 15% y-o-y to EUR 221 (261) million
  - Comparison period included EUR 40 million demountable and load crane order
- Order book strengthened 12% from 2014 year-end
- Sales grew 7% y-o-y to EUR 237 (221) million
- Profitability excluding restructuring costs was 10.7%
- Profit improvement programme completed ahead schedule

*excluding restructuring costs
Cash flow from operations strong

September 2015
More balanced geographical mix in sales

Sales by reporting segment 1-6/2015, %

Equipment 80 (78)%
Services 20 (22)%

Sales by geographical segment 1-6/2015, %

Equipment 76 (77)%
Services 24 (23)%
Sales by geographical segment by business area 1–6/2015

MacGregor
- Americas: 8% (5)
- EMEA: 29% (39)
- APAC: 63% (56)

Kalmar
- Americas: 36% (32)
- EMEA: 43% (48)
- APAC: 21% (20)

Hiab
- Americas: 42% (37)
- EMEA: 48% (52)
- APAC: 10% (11)

September 2015
Return on capital (ROCE) improved towards the >13% target level

ROCE, annualised
* excluding restructuring costs

September 2015
Outlook unchanged

- Cargotec’s 2015 sales are expected to grow from 2014 (3,358 MEUR).

- Operating profit excluding restructuring costs for 2015 is expected to improve from 2014 (149.3 MEUR).

September 2015