Addressing operations & securing long-term growth
Welcome to the Hiab Investor Breakfast

Moderator
Hanna-Maria Heikkinen
VP Investor Relations, Cargotec

Host & Presenter
Scott Phillips, President, Hiab

Format
08:30 – 09:00 Light Breakfast
09:00 – 11:00 Presentation interactive Q&A
Hiab Leadership Team - Presenters

Simon Greaves
CFO, SVP Finance & Business Control

Jan-Erik Lindfors
VP New Business Solutions
Scott Phillips
President Hiab

Oct 2018 -  
President Hiab
Cargotec Exec. Board Member

2016 – 2018  
General Electric
Vice President & CEO Mining

2012 – 2016  
Sandvik Mining
Business Area President

2006 – 2012  
Financial Services industry
Executive & Board Positions

1991 – 2006  
Caterpillar Inc.
Senior Management Positions

‘With Hiab’s dedicated team of almost 4,000 people, my ambition is to continue innovating in technology, services, support our customers throughout the product’s lifecycle and increase the profit margin of the business.’

b/ 1966, US citizen, family with 3 kids
Reflecting on first months in Hiab

<table>
<thead>
<tr>
<th>Product Quality &amp; Performance</th>
<th>Strong Brands</th>
<th>Customer Loyalty</th>
<th>Competence &amp; Engagement</th>
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<tbody>
<tr>
<td>Operational Performance</td>
<td>Service Opportunity</td>
<td>Continuous Improvement</td>
<td>Speed of Execution</td>
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</tbody>
</table>
COMPANY
Grow core and expand into new segments and applications

CUSTOMERS
Superior customer experience through services and digital solutions

COMMUNITY
Innovative and sustainable solutions impacting society
2018 with continued strong demand - decline in profit

Highlights:
- Orders +13%, record order book
- Sales growth +6%
- Effer cranes acquisition completed
- Selected investment into future growth
- Leading category profitability

Challenges:
- Currency headwinds mainly € / US$
- Cranes component supply chain affecting operational execution
- Operating profit and cash impact

<table>
<thead>
<tr>
<th>MEUR</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>1,116</td>
<td>1,259</td>
</tr>
<tr>
<td>Order book</td>
<td>300</td>
<td>453</td>
</tr>
<tr>
<td>Sales</td>
<td>1,084</td>
<td>1,149</td>
</tr>
<tr>
<td>Service Sales</td>
<td>258</td>
<td>274</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>157</td>
<td>135</td>
</tr>
<tr>
<td>Operating profit* margin</td>
<td>14.5%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Personnel (Q4)</td>
<td>3,370</td>
<td>3,879</td>
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</tbody>
</table>
Business performance development

- Growth in all regions and all equipment segments
- Targeted investment into portfolio, services, productivity initiatives and digitalisation
- Operating profit declined, but +10% for 4\textsuperscript{th} year running

- Continued service sales growth +6%
- Selected strengthening of service network and capability in Europe (UK, FR, GER, SWE)
- Global launch of Hiab ProCare\textsuperscript{TM} R+M contracts

*) Excluding restructuring costs
Operating Profit Bridge FY Actual 2018 vs 2017 (AER)

Y.O.Y Gross Margin change [excl Effer and RtM additions]= €(3.6)m

- Additional costs driven by supply chain challenges
- Some lower margins from drive to grow Key Accounts – EMEA up 16% YOY in sales

GM from 6.5% organic growth

Higher costs in Stargard and Dundalk driven by supply chain inefficiencies

Higher factory costs reflect unstable supply chain and related inefficiencies

- S&S investments
- US maintenance growth
- System investments:
  - Webshop
  - Service management tool
  - Configure price quote tool

Effer trading for Nov-Dec, offset by PPA adjustment and integration costs

Route to Market additions in UK, Sweden, Germany & France

GM from 6.5% organic growth

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- US maintenance growth
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Effer trading for Nov-Dec, offset by PPA adjustment and integration costs

Route to Market additions in UK, Sweden, Germany & France
Addressing the supply chain challenge

We have been strategically and operationally addressing the challenges with a dedicated task force and program focusing on

- **Our business operations** - planning and managing demand and growth
- Improving on potential **bottlenecks** across the **total value chain**
- Specific activities to increase efficiency and output in **assembly operations**
- **Sourcing**, **supplier management & development**, and **competence**
## Productivity & Growth

<table>
<thead>
<tr>
<th>SUPPORT FUNCTIONS</th>
<th>SUPPLY CHAIN MANAGEMENT</th>
<th>ASSEMBLY UNITS</th>
<th>PRODUCTS</th>
<th>SALES – ORDER WINNING</th>
<th>SERVICES – ORDER FULFILMENT</th>
<th>SERVICES – ORDER WINNING</th>
<th>M&amp;A SYNERGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimus (Fin, HR, IT, Ind SCM)</td>
<td>Design to cost / NPD</td>
<td>S&amp;OP</td>
<td>New product development</td>
<td>CRM (sales lead &amp; funnel management)</td>
<td>FSM (service management system)</td>
<td>E-commerce development</td>
<td>Geographic expansion</td>
</tr>
<tr>
<td>Ivalua (indirects)</td>
<td>Supplier development</td>
<td>Lean implementation</td>
<td>NBS – connected solutions</td>
<td></td>
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</tr>
<tr>
<td>Supplier logistics agreements</td>
<td>Footprint transformation</td>
<td>Portfolio management</td>
<td></td>
<td>CPQ (configure, price, quote)</td>
<td></td>
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<td>New product portfolio</td>
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<td>Route to market optimisation</td>
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- **Productivity**
- **Growth**
Selected 2018 highlights in our core business

- **EMEA Growth**: 19% growth in orders and 13% in sales YoY made EMEA the growth engine for Hiab in 2018.

- **Demountables**: Continued strong YoY growth with Germany +60%, defense business and launched new range MULTILIFT Ultima.

- **Truck Mounted Forklifts**: Application expansion like turf, beverage, or gas bottle distribution or emission-free urban night-time delivery.

- **Tail Lifts**: Strengthened key account and market development focus 9% sales growth YoY.
From a strong global market position – building to expand our growth opportunity

### Grow our equipment core business
Continue growth in core equipment categories*, applications and markets, grow market share

* Cargotec estimate

<table>
<thead>
<tr>
<th>MARKET SIZE* (EUR billion)</th>
<th>KEY SEGMENTS</th>
<th>HIAB GLOBAL POSITION &amp; TREND</th>
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<tbody>
<tr>
<td>LOADER CRANES</td>
<td>~1.5</td>
<td>Construction and Logistics</td>
</tr>
<tr>
<td>TAIL LIFTS</td>
<td>~0.9</td>
<td>Retail Industry and Logistics</td>
</tr>
<tr>
<td>DEMOUNTABLES</td>
<td>~0.5</td>
<td>Waste and Recycling, Defense</td>
</tr>
<tr>
<td>TRUCK MOUNTED FORK LIFTS</td>
<td>~0.3</td>
<td>Construction and Logistics</td>
</tr>
<tr>
<td>FORESTRY &amp; RECYCLING CRANES</td>
<td>~0.3</td>
<td>Timber, Pulp, Paper &amp; Recycling</td>
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### Segments & applications
Expand into new segments and applications, create market

### Aftermarket
Address parts and services opportunity over lifecycle
Hiab serves customers across diverse industries
Within segments, counter-cyclical opportunities exist

<table>
<thead>
<tr>
<th>Industry Segment</th>
<th>Indicative Sales Mix 2018</th>
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<tbody>
<tr>
<td>CONSTRUCTION</td>
<td></td>
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<tr>
<td>DELIVERY LOGISTIC</td>
<td></td>
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<tr>
<td>BUILDING MATERIALS</td>
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<tr>
<td>AGRICULTURE</td>
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<tr>
<td>WASTE MANAGEMENT</td>
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<tr>
<td>RECYCLING</td>
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<td>SPECIAL LOGISTICS</td>
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<td>LANDSCAPING</td>
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<td>FORESTRY</td>
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<td>DEFENSE</td>
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<tr>
<td>FIRE RESCUE</td>
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<tr>
<td>CUSTOM SOLUTIONS</td>
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Most important segments:
- Construction and Building Material
- Delivery Logistic
- Waste & Recycling
- Timber, Paper & Pulp
- Defense Logistic
- Road & Rail
- Other
The market allows for continued growth in 2019

**Demand Momentum**
- Orders +13% YoY across all equipment and main geographies
- Order growth EMEA +19% and North America +8%
- Record order book €453m end Q4 2018

**Positive Fundamentals**
- Market remains positive - across all main geographies
- GDP growth, construction, new housing, or truck registrations
- Slowing growth, on high levels

**Megatrends & Regulation**
- Megatrends like consumption growth, urbanisation, automation, or sustainability
- Balance cycle or create new opportunities, e.g. regulation enforcing emission-efficient or alternative powered

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Hiab Investor Presentation | March 2019
Customer satisfaction and loyalty a major asset and obligation for Hiab to improve customer experience

Customers range from single truck owner-operator and small fleet owners to international fleet and rental companies, across private and public sectors.

<table>
<thead>
<tr>
<th>Hiab’s customers</th>
<th>Ease of doing business</th>
<th>Overall Satisfaction</th>
<th>Re-Purchase Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>7.5/10</strong></td>
<td><strong>7.7/10</strong></td>
<td><strong>74%</strong></td>
</tr>
<tr>
<td></td>
<td>Average score stating Hiab is easy to do business with</td>
<td>Average score of how satisfied customers are with Hiab</td>
<td>State ‘highly likely’ to choose Hiab at next equipment purchase</td>
</tr>
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</table>
Service and Digital Solutions fundamental to customer experience and delivering business value

“

You can manage having good equipment and great service around them. But, you cannot manage great equipment – with poor service.

Senior Executive, ABC Supply, US

We used to plan service based on assumptions. HiConnect lets us plan service on actual usage, reducing the risk of costly downtime.

Andrew Hollingsworth, Fleet Technical Manager, Travis Perkins, UK

”
Further building our Services business

Install base: 135k heavy equipment + 250k TL

Commercial

• Sale of spare parts increased. Over 50% of sale through e-commerce platform serving over 50 countries
• Close to 3000 service contracts sold
• Hiab ProCare Total Repair + Maintenance offering launched in 5 markets and as global concept

Operational

• 15 new Hiab services workshops added in 2018 to increase customer service and capture higher service potential
• New way of measuring workstations and training in 5S method to ensure consistent high global service standards
• External utilisation increased
• High spare parts availability +98% stocked parts in US & EMEA. 95% for total parts
Digital progress in 2018

Digital Platforms:

- **HiVision** – new features including machine learning, object identification and additional hardware support (Lidar, Radar, IR)
- **HiConnect** – new features including equipment and operator performance, safety alerts, service history and planning

Digital applications:

- **HiConnect** fleet management – launched in top 5 markets for key accounts
- **HiVision** Forestry - now in 10+ markets with first re-purchases
- **HiVision** for MULTILIFT Ultima - assisted and semi-automated load operation
- **ProFlow** – Operations management for SMEs in Logistics – launched in Sweden
Hiab’s digital solutions improve productivity

Efficiency & Safety

Hiab’s award-winning VR based crane operation solution HiVision improves efficiency and safety, and attracts the next generation of operators.

“Advantages of HiVision lie in the comfort and safety for the operator, increased payload, and of course in the attractiveness of the workplace.”

Efficiency & Safety

HIAB cranes with smart solutions like Crane Tip Control or Semi-automatic folding increasing efficiency, safety and operator up-skilling.

“Hiab’s Crane Tip Control increases efficiency and accuracy, and makes us less dependant on available skilled operators for complex tasks.”

Efficiency

New MULTILIFT Ultima with innovative solutions assisting and semi-automating load handling like visual assistance, positioning or digital weighing.

“We look forward to the new MULTILIFT Ultima making the whole load handling operation more precise, safe, and efficient.”
Hiab’s digital solutions improve business productivity

**Fleet Optimisation**

Based on connected equipment data, Hiab HiConnect provides real-time insights for customers to improve productivity of their fleet and operators.

“Hiab’s HiConnect is fantastic. It lets us know if we are using our equipment correctly, and if we are over or under utilising it.”

**Customer Outcome**

Decreased total cost of operations through reduction of idle-time, equipment mis-use, and manual work in administration and operations.

**Operations Management**

ProFlow is a digital Hiab product developed based on a customer need for SMEs to optimise work order planning, workforce management and invoicing, end to end.

“ProFlow gives me a better overview and control over our assignments. The reduction in manual work has saved us 30 hours per week.”
Using a Hiab ePTO crane is good for the environment and for me personally as my new work environment is so quiet. With Hiab ePTO we make a difference.

Andreas Gideonsson, Bjännsjö Kranbilar, Sweden

The MOFFETT E-Series came along and helped benefit our business – because of the night-time deliveries. Being quiet and efficient. The E-series is just a world-beater.

Mike Pursill, Pets at Home, UK
Sustainable solutions benefit business, operator and society

Hiab has been a first mover in developing alternative powered and emission efficient solutions and is a clear leader in this space

- **Electric MOFFETT** truck mounted forklifts* and Hiab’s **ePTO** (electric power take-off) for cranes and demountables
- Allowing **local emission free and silent operation**, e.g. for tightly regulated urban night time delivery, or end-point deliveries in buildings
- Addressing **increasing environmental regulation** affecting customer’s business and operating windows in particular in urban deliveries
- Increasing **operator comfort, improving environment and society as a whole**
- Further sustainable innovations include the **Cyclone Oil Tank** reducing hydraulic oil usage, or **Solar Charger** as backup solution for tail lifts

*) in addition, development of new generation of Euro"Stage 5" standard compliant truck mounted forklifts with significantly reduced emissions.
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Grow core and expand into new segments and applications

CUSTOMERS
Superior customer experience through services and digital solutions

COMMUNITY
Innovative and sustainable solutions impacting society
Addressing operations & securing long-term growth

Strong demand and positive sales growth, but opportunity to improve operations and profitability.

Strong equipment position and installed base a clear opportunity to pursue stronger service growth.

Favorable market situation for next year – while preparing the business against headwinds.

Capture further growth opportunities

• Grow core into new segments and applications
• Aftermarket & Services capturing the lifecycle of the customer
• Further expand digital and sustainable offering focusing on high quality growth.