Becoming the leader in intelligent cargo handling

Mika Vehviläinen, CEO
Content

1. Cargotec in brief
2. Investment highlights
3. Recent progress
Cargotec in brief
Strong global player with well-balanced business

Sales:
EUR 3,304 million
EBIT: 7.3%

Strengths we are building upon

- Leading market positions in all segments
- Strong brands
- Loyal customers
- Leading in technology

Sales split: new equipment vs service and software

- Service and software: 34%
- New equipment: 66%

Sales by business areas

- MacGregor: 16%
- Hiab: 35%
- Kalmar: 49%

Sales by geographical area

- AMER: 31%
- APAC: 20%
- EMEA: 49%

Kalmar
Sales: EUR 1,618 million
EBIT: 8.9% (EUR 143.6 million)

Hiab
Sales: EUR 1,149 million
EBIT: 11.7% (EUR 134.5 million)

MacGregor
Sales: EUR 538 million
EBIT: -0.3% (EUR -1.6 million)

EBIT = Comparable operating profit

Figures: 2018

Investor presentation
June 2019
Currently two businesses performing well

Net sales* in Q2/18-Q1/19
EUR million

<table>
<thead>
<tr>
<th>Segment</th>
<th>Trend in orders, last 12 months</th>
<th>Profitability: Comparable EBIT margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kalmar software (Navis) and Automation and Projects division</td>
<td>+19%</td>
<td>Low due to long term investments</td>
</tr>
<tr>
<td>MacGregor</td>
<td></td>
<td>-0.2%</td>
</tr>
<tr>
<td>Hiab</td>
<td>+14%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Kalmar equipment and service (excluding Automation and Projects Division &amp; Navis)</td>
<td></td>
<td>Low double digit</td>
</tr>
</tbody>
</table>

* Figures rounded to closest 100 million

~400 ~600 ~1,200 ~1,200

3,387
Investment highlights
1. Technology leader and strong market positions, leading brands in markets with long term growth potential

Global megatrends
- Globalisation and trade growth
- Urbanisation
- Growing middle class

Growth drivers
- Container throughput growth
- Construction activity
- Automation
- Digitalisation

Competitive advantages
- Strong brands
- Full automation offering
- Technology leadership

Market position
- #1 or #2 in all major segments
2. Our vision is to become the global leader in intelligent cargo handling

<table>
<thead>
<tr>
<th>VISION</th>
<th>GLOBAL LEADER IN INTELLIGENT CARGO HANDLING</th>
</tr>
</thead>
<tbody>
<tr>
<td>MUST-WIN BATTLES</td>
<td>WIN THROUGH CUSTOMER CENTRICITY</td>
</tr>
<tr>
<td></td>
<td>We help our customers achieve their goals by aligning our offering and way of working to serve them better.</td>
</tr>
<tr>
<td></td>
<td>ADVANCE IN SERVICES</td>
</tr>
<tr>
<td></td>
<td>We extend our offering towards intelligent solutions that enable us to serve our customers wide across their lifecycle.</td>
</tr>
</tbody>
</table>
3. Growing service & software business and asset light business model are increasing stability

**Asset light business model with a flexible cost structure**
- Kalmar and Hiab: efficient assembly operation
- MacGregor: efficient project management and engineering office: > 90% of manufacturing and 30% of design and engineering capacity outsourced
- No in-house component manufacturing

**Next steps to increase service and software sales:**
- Improve service offering through digital solutions
- Build on Navis position as industry leader
- Increase spare parts capture rates
- Boost service contract attachment rates

**Service and software* sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>Services</th>
<th>Software</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>766 MEUR</td>
<td>107 MEUR</td>
</tr>
<tr>
<td>2014</td>
<td>847 MEUR</td>
<td>108 MEUR</td>
</tr>
<tr>
<td>2015</td>
<td>931 MEUR</td>
<td>121 MEUR</td>
</tr>
<tr>
<td>2016</td>
<td>905 MEUR</td>
<td>149 MEUR</td>
</tr>
<tr>
<td>2017</td>
<td>938 MEUR</td>
<td>152 MEUR</td>
</tr>
<tr>
<td>2018</td>
<td>980 MEUR</td>
<td>147 MEUR</td>
</tr>
</tbody>
</table>

*Software sales defined as Navis business unit and automation software

**Notes:**
- 2013-2018: MEUR in millions
- 2019: MEUR in millions
- +9% to +10% year-over-year growth

**Graph:**
- Services (dark blue)
- Software (light blue)

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*) Software sales defined as Navis business unit and automation software
4. 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.
5. Clear plan for profitability improvement and to reach financial targets

Growth
Target to grow faster than market
- Megatrends and strong market position supporting organic growth
- M&A potential

Service and software
Targeting service and software sales 40% of net sales, minimum EUR 1.5 billion in 3-5 years*

Balance sheet and dividend
Target gearing < 50% and increasing dividend in the range of 30-50% of EPS, dividend paid twice a year

Profitability
Target 10% operating profit and 15% ROCE in 3-5 years*
Higher service and software sales key driver for profitability improvement
Cost savings actions:
- 2020 EUR 30 million (indirect purchasing and new Business Services operations)
Product re-design and improved project management

Sales and comparable operating profit development

*Target announced in September 2017
Recent progress
Highlights of Q1 2019 – Orders received increased in all business areas

Orders received increased for the fifth consecutive quarter

- Orders increased 18%
  - Kalmar +19%
  - Hiab +11%
  - MacGregor +33%

Comparable operating profit at last year’s level

- Kalmar’s comparable operating profit increased
- Hiab burdened especially by supply chain bottlenecks
- MacGregor slightly positive
Market environment in Q1 2019

Global container throughput at last year’s level
- Customers are starting automation projects mainly with phased investments

Construction activity on good level
- Good development continued in Europe and the US

Market improved slightly in merchant sector, but orders remained below historical levels
- In offshore, activity remained on a low level

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**Global container throughput at last year’s level**

- Customers are starting automation projects mainly with phased investments

**Construction activity on good level**

- Good development continued in Europe and the US

**Market improved slightly in merchant sector, but orders remained below historical levels**

- In offshore, activity remained on a low level

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**Global container throughput (MTEU) – Key driver for Kalmar**

Source: Drewry

**Construction output – Key driver for Hiab**

**United States**

- Q1/18: 17
- Q1/19: 12

**Europe**

- Q1/18: 17
- Q1/19: 12

**Long term contracting – Key driver for MacGregor**

**Merchant ships > 2,000 gt (excl. ols & misc)**

- Q1/18: 169
- Q1/19: 185

**Mobile offshore units**

- Q1/18: 17
- Q1/19: 12

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Source: Oxford Economics

Source: Clarkson Research

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Historical average

+9%  
-29%

Source: Drewry

Investor presentation
Growth in service and software sales continued

**Service and software* sales**

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1/18</th>
<th>Q2/18</th>
<th>Q3/18</th>
<th>Q4/18</th>
<th>Q1/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>237</td>
<td>247</td>
<td>239</td>
<td>257</td>
<td>249</td>
<td></td>
</tr>
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</table>

**Q1 2019 service sales +5%**

- Kalmar at last year’s level
  - +5% in comparable FX and adjusted for divestments
- Hiab +11%
- MacGregor +8%
- Total service sales +5% in comparable FX and adjusted for acquisitions and divestments

**Software sales +18% and orders +56% in Q1/19**

Service and software sales constitute 33% of total sales

*Software sales defined as Navis business unit and automation software*
Order book 27% higher than in Q1/18

Order book by reporting segment, Q1 2019

<table>
<thead>
<tr>
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<th>Hiab</th>
<th>MacGregor</th>
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<tr>
<td>Q1/18</td>
<td>1,684</td>
<td>519</td>
<td>837</td>
</tr>
<tr>
<td>Q2/18</td>
<td>1,786</td>
<td>503</td>
<td>947</td>
</tr>
<tr>
<td>Q3/18</td>
<td>1,887</td>
<td>513</td>
<td>1,003</td>
</tr>
<tr>
<td>Q4/18</td>
<td>1,995</td>
<td>530</td>
<td>1,012</td>
</tr>
<tr>
<td>Q1/19</td>
<td>2,145</td>
<td>536</td>
<td>1,127</td>
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Outlook for 2019

Cargotec reiterates its outlook published on 8 February 2019 and expects its comparable operating profit for 2019 to improve from 2018 (EUR 242.1 million).
THANK YOU!