Favourable development in profitability

Cargotec’s January – June 2017 half year report
Mika Vehviläinen, CEO • Mikko Puolakka, CFO
Contents
1. Group level development
2. Business areas
3. Financials and outlook
Highlights of Q2 2017 – Operating profit* improvement continued

Cargotec’s operating profit* margin improved
- Profitability improved in Hiab and Kalmar
- MacGregor profitability at last year’s level

Orders received increased in Hiab, declined in MacGregor and Kalmar

Service and software sales 31% (28%) of total sales at EUR 259 (255) million
- Software sales growth +26%

*) Excluding restructuring costs
Market environment in H1 2017

Growth in number of containers handled at ports accelerated

Strong interest for efficiency improving automation solutions
- Customers’ decision making is slow

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

Marine cargo handling equipment market still weak
- Market improved in merchant sector, but orders remained well below historical levels

Global container throughput (MTEU) – Key driver for Kalmar

<table>
<thead>
<tr>
<th></th>
<th>H1/16</th>
<th>H1/17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>342</td>
<td>358</td>
<td>+4.5%</td>
</tr>
</tbody>
</table>

Source: Drewry

Construction output – Key driver for Hiab

<table>
<thead>
<tr>
<th></th>
<th>United States</th>
<th>Europe</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H1/16</td>
<td>H1/17</td>
<td>+1.5%</td>
</tr>
<tr>
<td></td>
<td>H1/16</td>
<td>H1/17</td>
<td>+1.5%</td>
</tr>
</tbody>
</table>

Source: Oxford Economics

Long term contracting – Key driver for MacGregor

<table>
<thead>
<tr>
<th></th>
<th>Merchant ships &gt; 2,000 gt (excl. ofs &amp; misc)</th>
<th>Mobile offshore units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H1/16</td>
<td>H1/17</td>
</tr>
<tr>
<td></td>
<td>181</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>+63%</td>
<td>-31%</td>
</tr>
<tr>
<td>Historical average</td>
<td></td>
<td>Historical average</td>
</tr>
</tbody>
</table>

Source: Clarkson Research

Historical average:
- Merchant ships > 2,000 gt (excl. ofs & misc): +63%
- Mobile offshore units: -31%
Orders received: Strong increase for Hiab

- **Q2/16**
  - Kalmar: 420 MEUR
  - Hiab: 380 MEUR
  - MacGregor: 125 MEUR

- **Q3/16**
  - Kalmar: 400 MEUR
  - Hiab: 330 MEUR
  - MacGregor: 100 MEUR

- **Q4/16**
  - Kalmar: 400 MEUR
  - Hiab: 320 MEUR
  - MacGregor: 100 MEUR

- **Q1/17**
  - Kalmar: 400 MEUR
  - Hiab: 350 MEUR
  - MacGregor: 100 MEUR

- **Q2/17**
  - Kalmar: 400 MEUR
  - Hiab: 350 MEUR
  - MacGregor: 100 MEUR

**Change from Q1/16**

- **Hiab**
  - +17% (y/y)

- **Kalmar**
  - -9% (y/y)

- **MacGregor**
  - -12% (y/y)

**20/07/2017**

Cargotec’s January-June 2017 half year report
Order book declined

Order book by reporting segments, Q2 2017

Order book
MEUR

Q2/16  Q3/16  Q4/16  Q1/17  Q2/17

2,033  1,874  1,783  1,834  1,720

Kalmar | Hiab | MacGregor

54% | 17% | 29%
Strong improvement in operating profit* despite sales decline

Sales
MEUR

<table>
<thead>
<tr>
<th></th>
<th>Q2/16</th>
<th>Q3/16</th>
<th>Q4/16</th>
<th>Q1/17</th>
<th>Q2/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kalmar</td>
<td>898</td>
<td>854</td>
<td>933</td>
<td>793</td>
<td>845</td>
</tr>
<tr>
<td>Hiab</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MacGregor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Operating profit*
MEUR

<table>
<thead>
<tr>
<th></th>
<th>Q2/16</th>
<th>Q3/16</th>
<th>Q4/16</th>
<th>Q1/17</th>
<th>Q2/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kalmar</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hiab</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MacGregor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cargotec total EBIT**</td>
<td>64.8</td>
<td>65.9</td>
<td>61.0</td>
<td>59.2</td>
<td>72.1</td>
</tr>
</tbody>
</table>

*) Excluding restructuring costs, **) Including Corporate admin and support
Gross profit margin improved y-o-y

Gross profit, MEUR

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gross profit, MEUR</th>
<th>Gross profit-%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2/16</td>
<td>223</td>
<td>24.8%</td>
</tr>
<tr>
<td>Q3/16</td>
<td>198</td>
<td>23.1%</td>
</tr>
<tr>
<td>Q4/16</td>
<td>222</td>
<td>23.8%</td>
</tr>
<tr>
<td>Q1/17</td>
<td>205</td>
<td>25.8%</td>
</tr>
<tr>
<td>Q2/17</td>
<td>222</td>
<td>26.3%</td>
</tr>
</tbody>
</table>

Cargotec's January-June 2017 half year report
Software sales increased strongly

- Software business grew 26%
  - Strong licensing revenues from Navis TOS
- Service sales declined 2% in Q2/17
  - Increase in Kalmar (1%), Hiab at last year’s level
  - Decline in MacGregor (-10%)
- Services and software 31% (28%) of Cargotec’s sales in Q2/17

*Software sales defined as Navis business unit and automation software
Recent development in corporate responsibility

- Cargotec offering for eco-efficiency was audited by DNV GL

- Cargotec was awarded with Gold recognition from a global rating company Ecovadis
  - Ecovadis assesses organisations against environmental, social and ethical criteria
Business areas

Cargotec’s half year report 2017
Kalmar Q2 – Profitability improved

- Orders received decreased in APAC and Americas
  - Good development in Navis, decline in large projects
  - Comparison period includes a large crane upgrade order
- Order book declined
- Software sales +26%, service sales at last year’s level
- Profitability impacted positively by more favourable mix (software, service) and higher profitability in project business

<table>
<thead>
<tr>
<th></th>
<th>MEUR</th>
<th>Q2/17</th>
<th>Q2/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>386</td>
<td>438</td>
<td></td>
<td>-12%</td>
</tr>
<tr>
<td>Order book</td>
<td>926</td>
<td>1,005</td>
<td></td>
<td>-8%</td>
</tr>
<tr>
<td>Sales</td>
<td>403</td>
<td>420</td>
<td></td>
<td>-4%</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>33.2</td>
<td>31.9</td>
<td></td>
<td>+4%</td>
</tr>
<tr>
<td>Operating profit margin*</td>
<td>8.2%</td>
<td>7.6%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*) Excluding restructuring costs
Hiab Q2 – Record high operating profit margin, strong orders received

- Orders received grew in all regions
  - Strong growth in loader cranes and demountables
- Sales remained at last year’s level both in services and equipment
- Operating profit improvement driven by new products and slightly lower fixed costs

<table>
<thead>
<tr>
<th></th>
<th>MEUR</th>
<th>Q2/17</th>
<th>Q2/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>279</td>
<td>239</td>
<td></td>
<td>+17%</td>
</tr>
<tr>
<td>Order book</td>
<td>290</td>
<td>283</td>
<td></td>
<td>+2%</td>
</tr>
<tr>
<td>Sales</td>
<td>282</td>
<td>283</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>44.1</td>
<td>41.7</td>
<td></td>
<td>+6%</td>
</tr>
<tr>
<td>Operating profit margin*</td>
<td>15.6%</td>
<td>14.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*) Excluding restructuring costs
MacGregor Q2 – Profitability* at last year’s level

- Orders received increased in EMEA and Americas and decreased in APAC
  - 12% increase from Q1/17 in orders received due to large single order
  - Growth in advanced offshore solutions and RoRo
- Net sales declined in all divisions
- Profitability maintained at last year’s level

<table>
<thead>
<tr>
<th>Category</th>
<th>MEUR</th>
<th>Q2/17</th>
<th>Q2/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>136</td>
<td>149</td>
<td></td>
<td>-9%</td>
</tr>
<tr>
<td>Order book</td>
<td>507</td>
<td>745</td>
<td></td>
<td>-32%</td>
</tr>
<tr>
<td>Sales</td>
<td>160</td>
<td>196</td>
<td></td>
<td>-18%</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>4.9</td>
<td>5.3</td>
<td></td>
<td>-9%</td>
</tr>
<tr>
<td>Operating profit margin*</td>
<td>3.0%</td>
<td>2.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*) Excluding restructuring costs
Cost savings programmes proceeding

- From 2020 onwards savings of EUR 50 million
  - Indirect procurement EUR 30 million
  - Business Services operations EUR 20 million
- 2017 EUR 25 million (MacGregor)
  - EUR 7 million savings in Q2/17
- EUR 13 million in 2018 (Kalmar)
  - Relocation of assembly operation
- Product redesign and project management improvement continues in 2017
Financials and outlook

Cargotec’s January–June 2017 half year report
### Key figures – Operating profit* increased

<table>
<thead>
<tr>
<th></th>
<th>4–6/17</th>
<th>4–6/16</th>
<th>Change</th>
<th>1–6/17</th>
<th>1–6/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received, MEUR</td>
<td>800</td>
<td>825</td>
<td>-3%</td>
<td>1,657</td>
<td>1,728</td>
<td>-4%</td>
</tr>
<tr>
<td>Order book, MEUR</td>
<td>1,720</td>
<td>2,033</td>
<td>-15%</td>
<td>1,720</td>
<td>2,033</td>
<td>-15%</td>
</tr>
<tr>
<td>Sales, MEUR</td>
<td>845</td>
<td>898</td>
<td>-6%</td>
<td>1,638</td>
<td>1,727</td>
<td>-5%</td>
</tr>
<tr>
<td>Operating profit*, MEUR</td>
<td>72.1</td>
<td>64.8</td>
<td>+11%</td>
<td>131.3</td>
<td>123.3</td>
<td>+6%</td>
</tr>
<tr>
<td>Operating profit*, %</td>
<td>8.5</td>
<td>7.2</td>
<td></td>
<td>8.0</td>
<td>7.1</td>
<td></td>
</tr>
<tr>
<td>Restructuring costs, MEUR</td>
<td>11.7</td>
<td>2.3</td>
<td></td>
<td>14.6</td>
<td>3.1</td>
<td></td>
</tr>
<tr>
<td>Operating profit, MEUR</td>
<td>60.4</td>
<td>62.6</td>
<td>-3%</td>
<td>116.7</td>
<td>120.2</td>
<td>-3%</td>
</tr>
<tr>
<td>Operating profit, %</td>
<td>7.2</td>
<td>7.0</td>
<td></td>
<td>7.1</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>0.58</td>
<td>0.63</td>
<td>-7%</td>
<td>1.15</td>
<td>1.23</td>
<td>-7%</td>
</tr>
<tr>
<td>Earnings per share, EUR**</td>
<td>0.72</td>
<td>0.65</td>
<td>+10%</td>
<td>1.32</td>
<td>1.27</td>
<td>+4%</td>
</tr>
</tbody>
</table>

*) Excluding restructuring costs
**) Excluding restructuring costs, using reported effective tax rate
Cash flow from operations burdened by lower advance payments and higher working capital needs in Kalmar
Successful refinancing in Q2

Net debt EUR 599 million (31 Dec 2016: 503)
- Average interest rate 2.2% (2.4%)
- Net debt/EBITDA 2.2 (2.1)

Total equity EUR 1,401 million (1,397)
- Equity/total assets 41.1% (39.1%)

Well diversified loan portfolio:
- Bonds EUR 464 million
- Bank loans EUR 307 million
- EUR 300 million revolving credit facility refinanced in Q2/17, the facility is fully undrawn

Balanced maturity profile
- EUR 15 million loans maturing in 2017

Maturity profile

Net debt and gearing
Operating profit* margin and ROCE improved

ROCE, annualised *) Excluding restructuring costs
2017 outlook – as given 8 February 2017

Operating profit excluding restructuring costs for 2017 is expected to improve from 2016 (EUR 250.2 million)
Welcome to Cargotec’s Capital Markets Day

London, 12 September 2017

Register by 29 August 2017 at cargotec.com/investors