January–September 2013 interim report

24 October 2013

Mika Vehviläinen, President and CEO

Eeva Siplä, Executive Vice President, CFO
Highlights of Q3

- Order intake at comparison period’s level, EUR 724 (719) million
- Sales at EUR 752 (794) million, down 5% y-o-y
- Operating profit excluding restructuring costs was EUR 35.4 (39.0) million or 4.7 (4.9)% of sales, slight improvement over Q2
- Operating profit was EUR 31.2 (38.5) million
- Cash flow from operations increased to EUR 38.2 (34.2) million
- MacGregor listing delayed
## January–September key figures

<table>
<thead>
<tr>
<th></th>
<th>Q3/13</th>
<th>Q3/12</th>
<th>Change</th>
<th>Q1-Q3/13</th>
<th>Q1-Q3/12 Change</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received, MEUR</td>
<td>724</td>
<td>719</td>
<td>1%</td>
<td>2,348</td>
<td>2,348</td>
<td>0%</td>
</tr>
<tr>
<td>Order book, MEUR</td>
<td>2,048</td>
<td>2,312</td>
<td>-11%</td>
<td>2,048</td>
<td>2,312</td>
<td>-11%</td>
</tr>
<tr>
<td>Sales, MEUR</td>
<td>752</td>
<td>794</td>
<td>-5%</td>
<td>2,267</td>
<td>2,437</td>
<td>-7%</td>
</tr>
<tr>
<td>Operating profit, MEUR*</td>
<td>35.4</td>
<td>39.0</td>
<td></td>
<td>87.9</td>
<td>117.6</td>
<td>157.5</td>
</tr>
<tr>
<td>Operating profit margin, %*</td>
<td>4.7</td>
<td>4.9</td>
<td></td>
<td>3.9</td>
<td>4.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Cash flow from operations, MEUR</td>
<td>38.2</td>
<td>34.2</td>
<td></td>
<td>47.0</td>
<td>6.4</td>
<td>97.1</td>
</tr>
<tr>
<td>Interest-bearing net debt, MEUR</td>
<td>577</td>
<td>485</td>
<td></td>
<td>577</td>
<td>485</td>
<td>478</td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>0.31</td>
<td>0.41</td>
<td></td>
<td>0.77</td>
<td>1.30</td>
<td>1.45</td>
</tr>
</tbody>
</table>

* excluding restructuring costs
Performance development

Orders and Sales:
- Q3/12: 719 MEUR (Orders), 794 MEUR (Sales)
- Q4/12: 724 MEUR (Orders), 800 MEUR (Sales)
- Q1/13: 752 MEUR (Orders), 820 MEUR (Sales)
- Q2/13: 719 MEUR (Orders), 794 MEUR (Sales)
- Q3/13: 724 MEUR (Orders), 800 MEUR (Sales)

Operating profit:
- Q3/12: 4.9 MEUR
- Q4/12: 39.0 MEUR
- Q1/13: 0 MEUR
- Q2/13: 4.7 MEUR
- Q3/13: 35.4 MEUR

Notes:
* excluding restructuring costs

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MacGregor Q3 – delays in deliveries continued

- Merchant ship market continued to recover and offshore market remained active
  - Impact will first be seen in order intake during upcoming quarters while recovery in deliveries is expected from 2015 onwards

- Order intake grew 25% y-o-y to EUR 157 (125) million

- Sales declined 12% y-o-y to EUR 200 (229) million due to low deliveries as customers delayed receipt of deliveries

- Profitability of 8.9% (excluding restructuring) reflects low sales

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<table>
<thead>
<tr>
<th></th>
<th>Q3/12</th>
<th>Q4/12</th>
<th>Q1/13</th>
<th>Q2/13</th>
<th>Q3/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders MEUR</td>
<td>229</td>
<td>125</td>
<td>200</td>
<td>157</td>
<td>200</td>
</tr>
<tr>
<td>Sales MEUR</td>
<td>125</td>
<td>9.6</td>
<td>125</td>
<td>8.9</td>
<td>157</td>
</tr>
<tr>
<td>Operating profit%*</td>
<td>9.6</td>
<td>8.9</td>
<td>9.6</td>
<td>8.9</td>
<td>8.9</td>
</tr>
</tbody>
</table>

* excluding restructuring costs

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Kalmar Q3 – profitability continued to improve despite cost overruns in projects

- Demand for smaller container handling equipment and automation solutions was healthy, while demand for larger equipment picked up slightly but was still modest

- Order intake fell 9% y-o-y to EUR 366 (402) million

- Sales declined 5% y-o-y to EUR 354 (374) million

- Profitability excluding restructuring costs was 4.4%
  - Additional costs of EUR 9 million in projects (1-9/2013: 23 MEUR)

- Q3 order book includes EUR 120 million of problem projects
Hiab Q3 – orders and sales grew y-o-y

- The load handling equipment and services market was characterised by variations within European countries. Demand was generally healthy in the US.

- Orders grew 6% y-o-y and totalled EUR 203 (192) million.

- Sales grew 4% y-o-y to EUR 198 (191) million.

- Profitability excluding restructuring costs was 4.1%.
Cash flow from operations strengthened

MEUR

2011 2012 Q1/11 Q2/11 Q3/11 Q4/11 Q1/12 Q2/12 Q3/12 Q4/12 Q1/13 Q2/13 Q3/13

-50 0 50 100 150 200

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Sales in services unchanged

[Bar chart showing sales in services from 2011 to Q3/13.]

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Sales by reporting and geographical segment

Sales by reporting segment 1-9/2013, %

- Equipment 82 (84)%
- Services 18 (16)%

Sales by geographical segment 1-9/2013, %

- Americas 24% (24)
- APAC 33% (36)
- EMEA 43% (40)
Outlook

- The sales and operating profit excluding restructuring costs for 2013 are expected to fall short of 2012.
Driving for better performance
Actions taken in Q3
Cargotec road map

Phase 1
Reconfirm and execute key improvement initiatives

Phase 2
Drive ‘on par’ performance

Phase 3
Drive superior performance and competences in focused portfolio
Kalmar improvement initiatives

- **2012**
  - Organisational efficiency and refocused R&D
  - Project delivery capability development

- **2013**
  - Ramp-up of Poland multi-assembly unit
  - Development of service business

- **2014**
  - Ramp-up of production in Rainbow Cargotec Industries joint venture
  - Further development of integrated port automation solutions
  - Improvements in design-to-cost

- **2013**
  - 20 M savings in 2013

- **2014**
  - Aiming at further 40M run rate improvement by end 2014

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Kalmar improvement initiatives

- Organisational efficiency and refocused R&D
- Project delivery capability development
  - Ramp-up of Poland multi-assembly unit
  - Development of service business
- Ramp-up of production in Rainbow Cargotec Industries joint venture
- Further development of integrated port automation solutions
- Improvements in design-to-cost
- Savings target in fixed costs reached in 2013
- All projects now in SAP
- Assembly started in Q1
- Kalmar Care service products launched
- Crane refurbishment business progressing well
- RTG production moved to RCI
- New reachstacker launched in June
- Aiming at further 40M run rate improvement by end 2014
- 20 M savings in 2013
- Improvements in design-to-cost
- Savings target in fixed costs reached in 2013
Hiab improvement initiatives

2012
- Route-to-market immediate improvements
- Footprint, incl. ramp-up of Poland multi-assembly unit

2013
- Efficiency improvement
- Improvements in design-to-cost
- Development of new products
- 3M savings in 2013
- 15M gross margin improvement

2014
- Development of route-to-market
- Aiming at further 40M run rate improvement by end 2014

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Hiab improvement initiatives

- Route-to-market immediate improvements
- Footprint, incl. ramp-up of Poland multi-assembly unit
- Efficiency improvement
- Improvements in design-to-cost
- Development of new products

- Plan ready, execution started in 2013
- Restructuring plan announced in September
- 15M gross margin improvement
- New loader crane models launched in September
- Aiming at further 40M run rate improvement by end 2014

Development of route-to-market
MacGregor improvement initiatives

2012
- Development of offshore footprint
- Organisational and operational efficiency

2013
- Development of service business
- 4M savings in 2013
- Organic growth in offshore

2014
- Growth through acquisitions
- Listing preparations

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MacGregor improvement initiatives

- Development of offshore footprint
- Organisational and operational efficiency
- Development of service business
- Organic growth in offshore
- Growth through acquisitions
- Listing preparations

- Savings target reached
- Eric Nielsen appointed President
- Major orders received
- Hatlapa acquisition
- Listing delayed

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