Investor presentation, November 2019

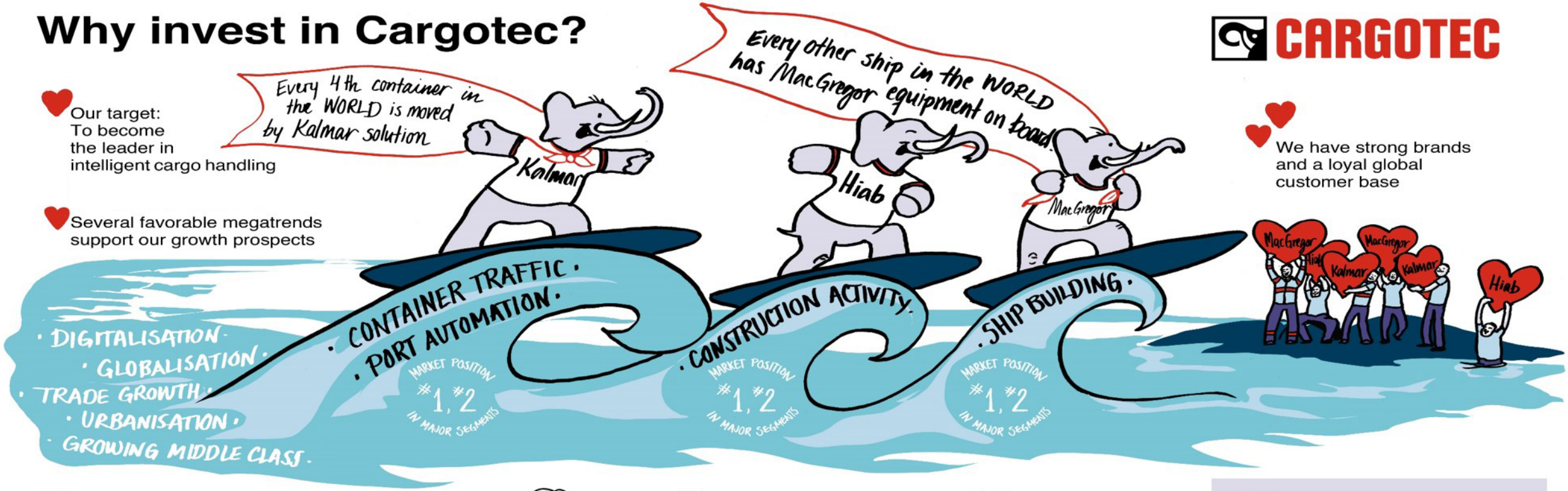
Becoming the leader in intelligent cargo handling

Why invest in Cargotec?

CARGOTEC

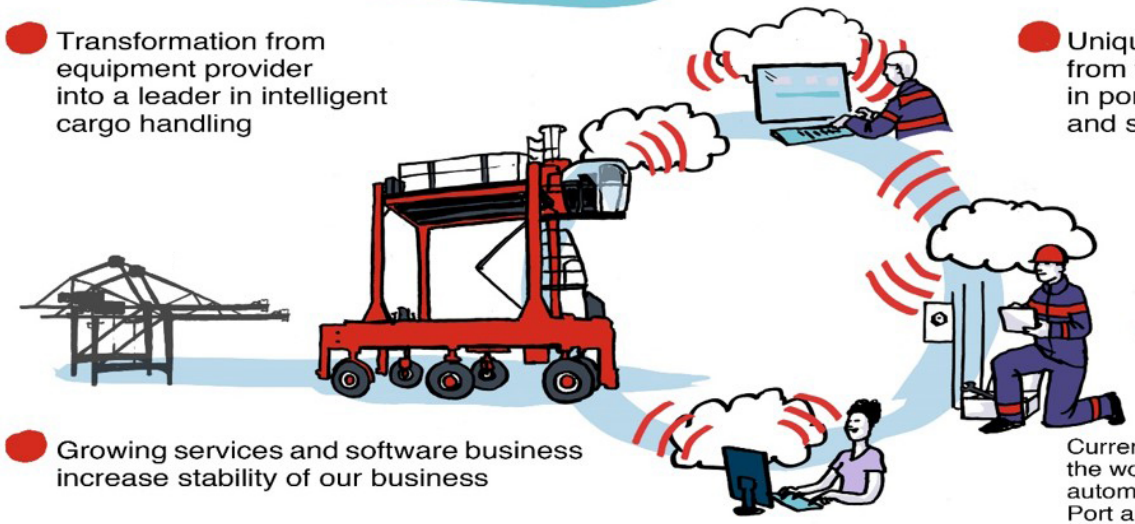
Our target:
To become the leader in intelligent cargo handling

Several favorable megatrends support our growth prospects



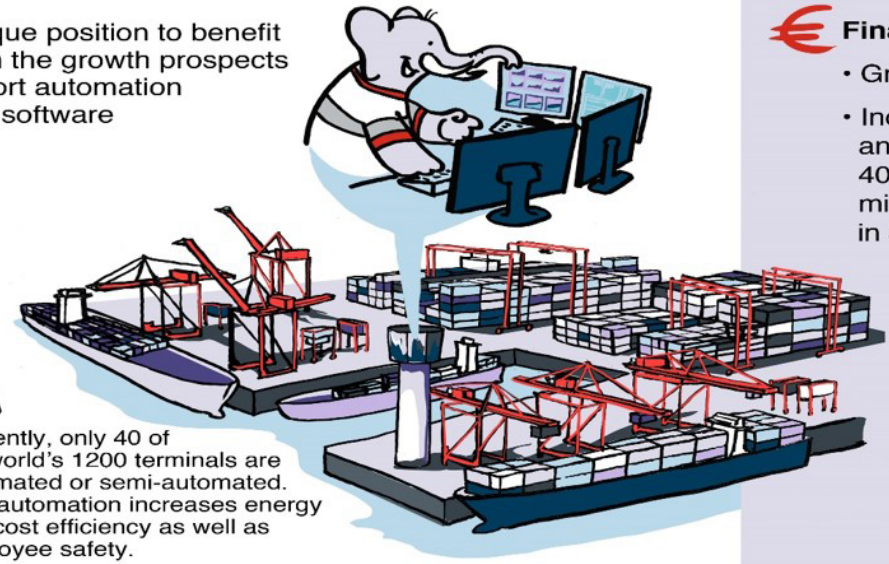
We have strong brands and a loyal global customer base

Transformation from equipment provider into a leader in intelligent cargo handling



Growing services and software business increase stability of our business

Unique position to benefit from the growth prospects in port automation and software



Currently, only 40 of the world's 1200 terminals are automated or semi-automated. Port automation increases energy and cost efficiency as well as employee safety.

Financial targets

- Grow faster than the market
- Increase service and software sales to 40% of net sales, min. EUR 1.5 billion in 3-5 years
- Target 10% operating profit and 15% ROCE in 3-5 years
- Target gearing <50% and increasing dividend in the range of 30-50% of EPS, to be paid twice a year

Targets announced in September 2017

Contact details: firstname.lastname@cargotec.com | Hanna-Maria Heikkinen, Vice President, investor relations

Strong global player with well-balanced business

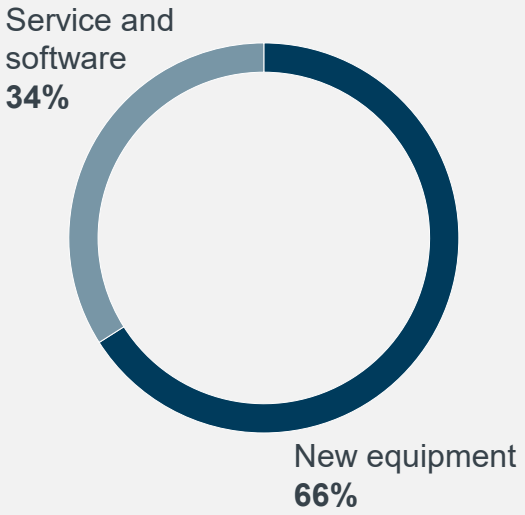
Sales: EUR 3,304 million EBIT: 7.3%

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

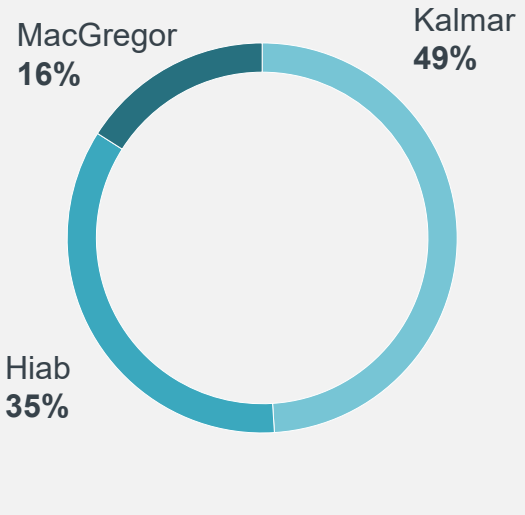
Hiab
Sales: **EUR 1,149 million**
EBIT: **11.7%** (EUR 134.5 million)

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

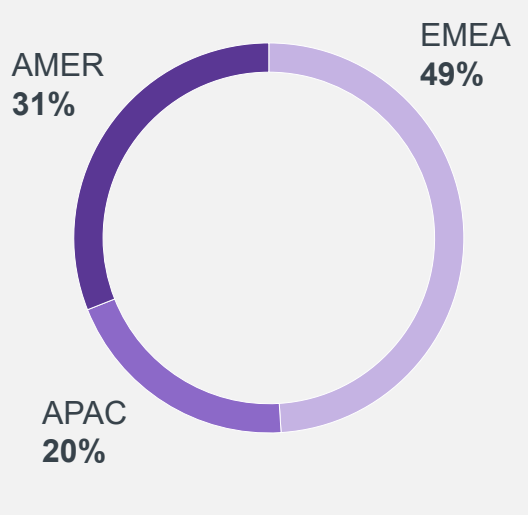
Sales split: new equipment vs service and software



Sales by business areas



Sales by geographical area



Strengths we are building upon

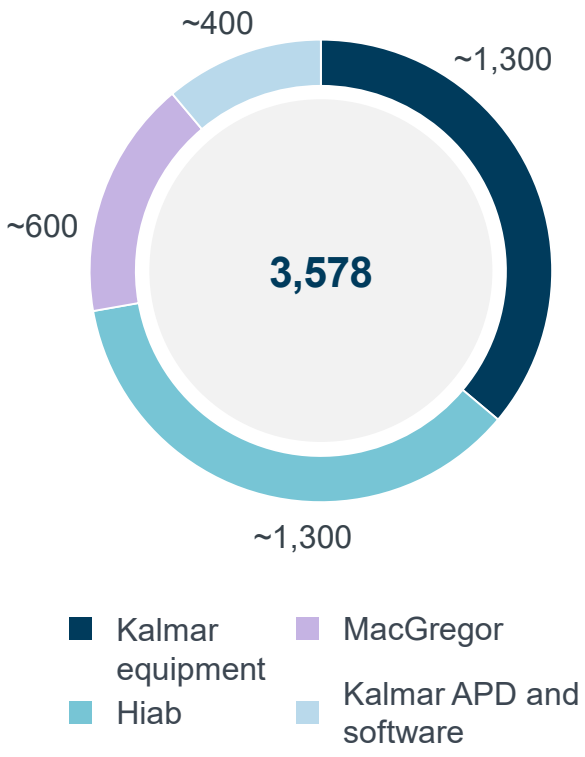
- Leading market positions in all segments
- Strong brands
- Loyal customers
- Leading in technology

Figures: 2018
EBIT = Comparable operating profit

Currently two businesses performing well

Net sales* in Q4/18-Q3/19

EUR million



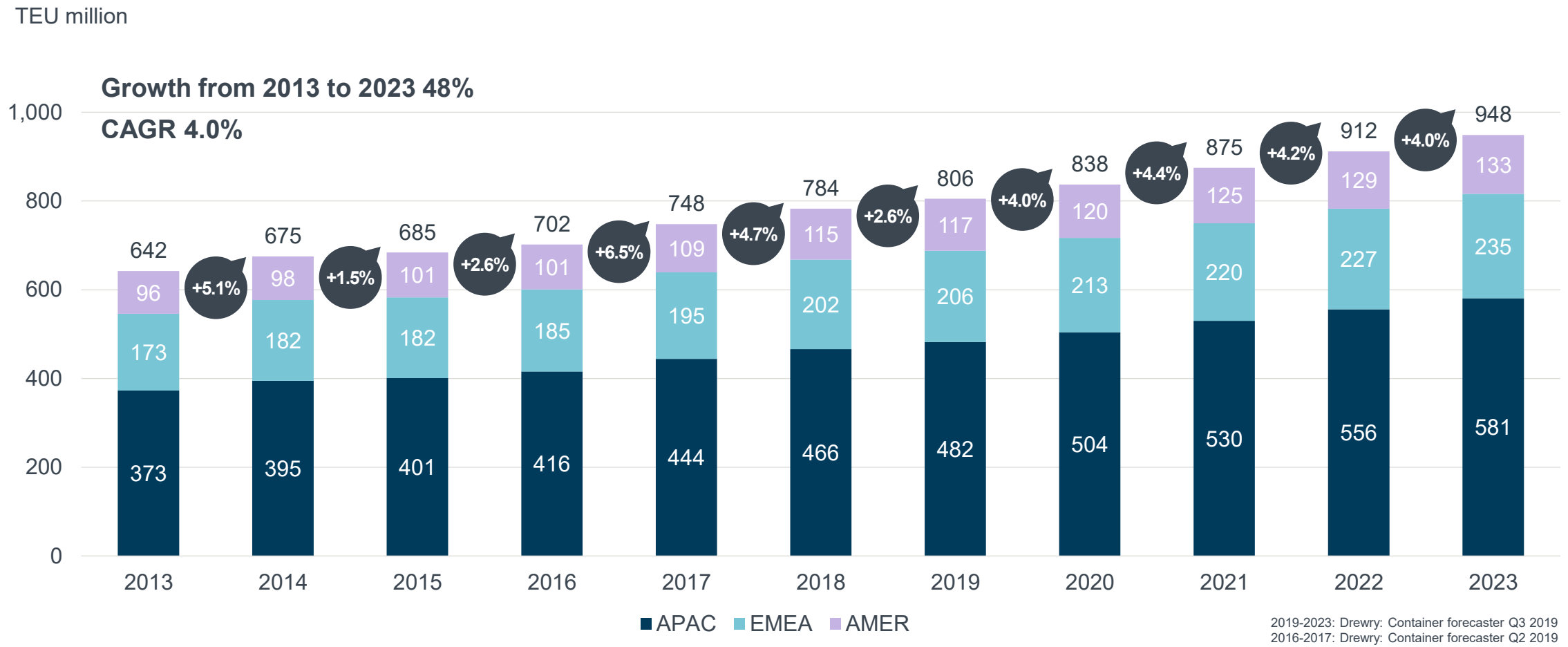
	Trend in orders, last 12 months	Profitability: Comparable EBIT margin
Kalmar software (Navis) and Automation and Projects division	↗	Low due to long term investments
MacGregor	+39%	**-3.8%**
Hiab	+23%	**11.8%**
Kalmar equipment and service (excluding Automation and Projects Division & Navis)	→	Low double digit

* Figures rounded to closest 100 million

Investment highlights: Why invest in Cargotec?

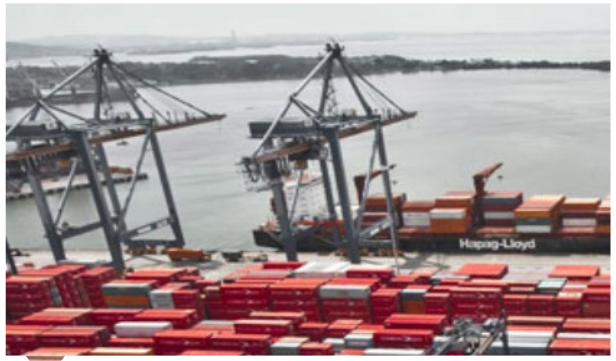
1. Technology leader and strong market positions, leading brands in markets with long term growth potential
2. Our vision is to become the global leader in intelligent cargo handling
3. Growing service & software business and asset-light business model are increasing stability
4. Capitalising global opportunities for future automation and software growth
5. On track for profitability improvement and to reach financial targets

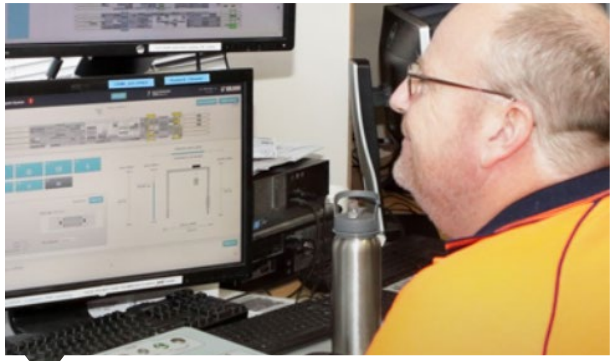
Container throughput still forecasted to grow year on year



2019-2023: Drewry: Container forecaster Q3 2019
2016-2017: Drewry: Container forecaster Q2 2019
2015 Drewry: Container forecaster Q2 2018
2013-2014 Drewry Global Container Terminal Operators Annual Report 2013

Services provide our biggest medium-term growth opportunity



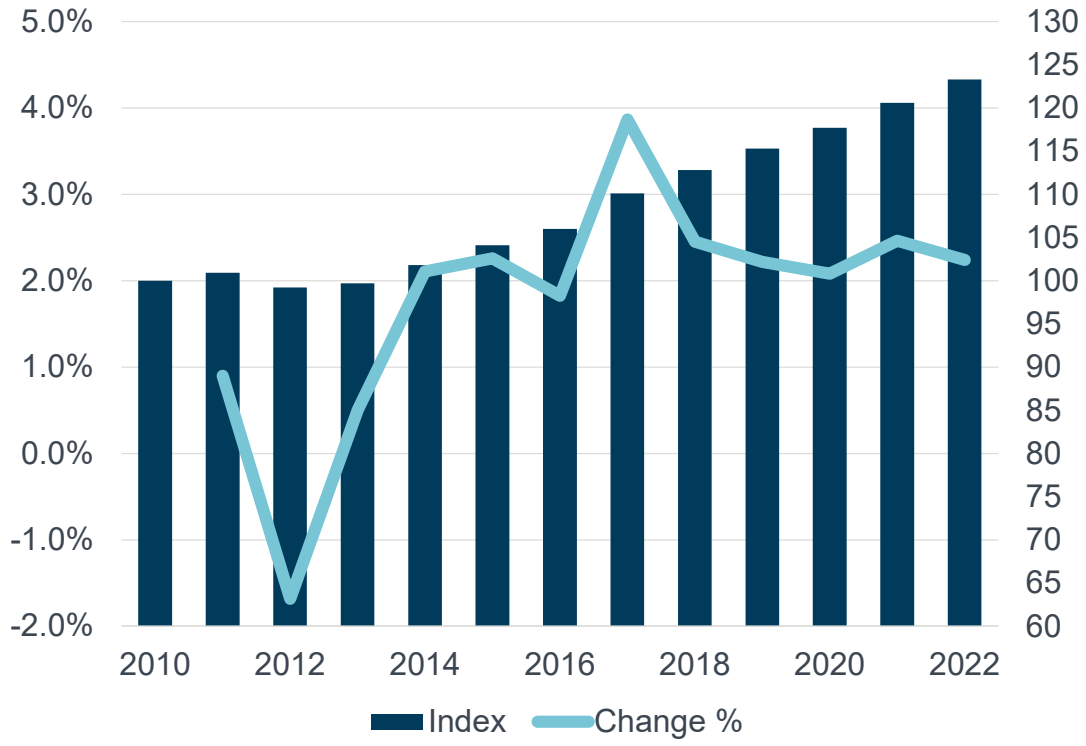


	Equipment & Projects	Software	Services
Market share	**20-30%**	**20-30%**	**3-5%**
Market size	**6B€**	**0.5-1B€**	**8B€**

Construction output driving growth opportunity

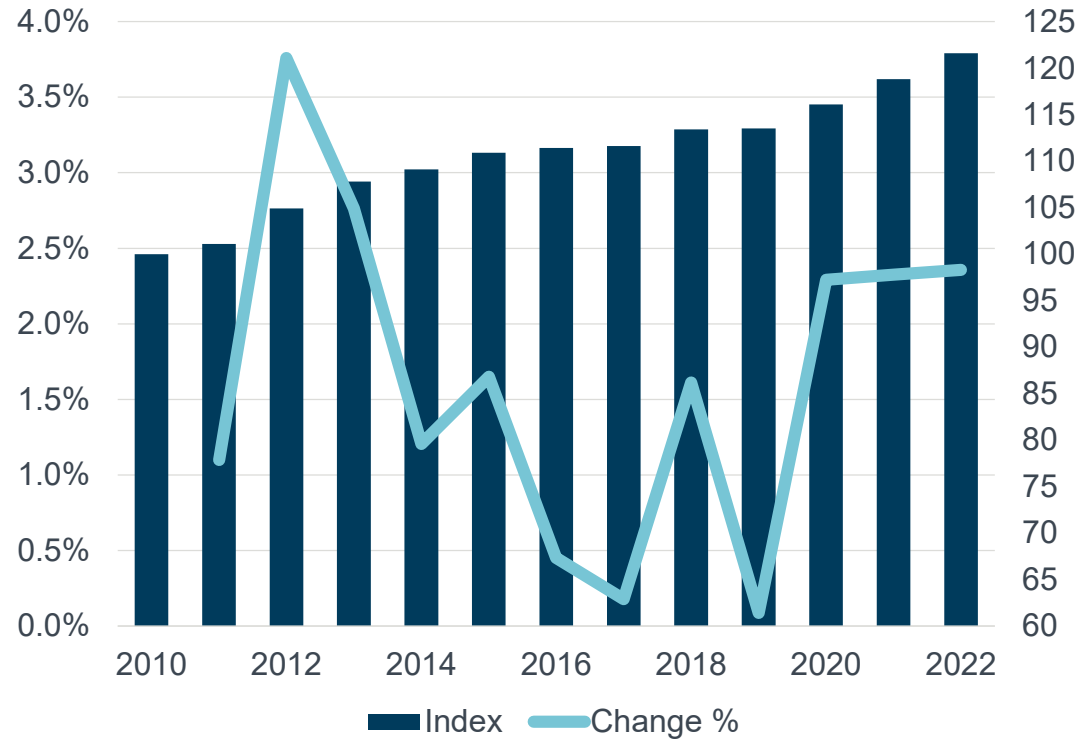
EMEA construction output

y/y change (%)



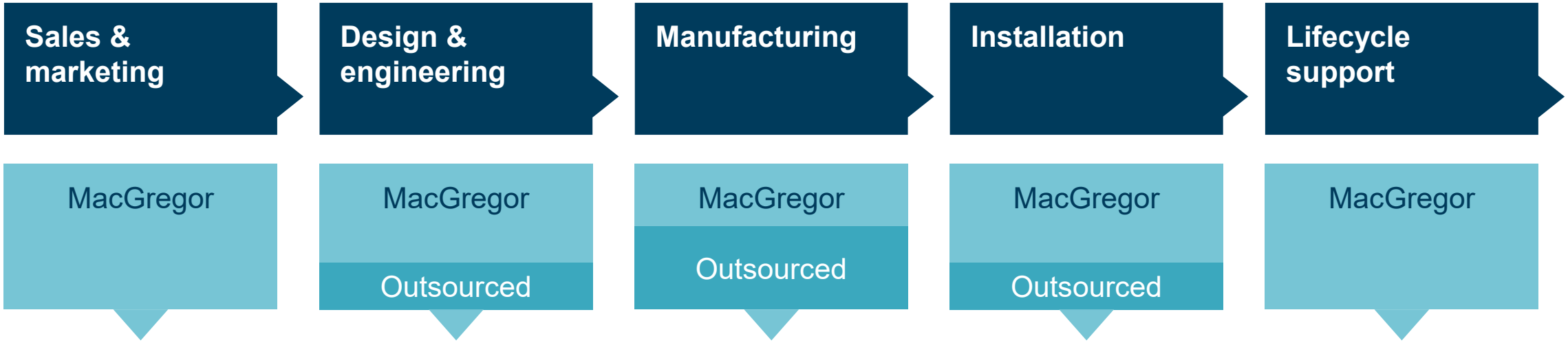
AMER construction output

y/y change (%)



Oxford Economics: Industry output forecast 9/2019

MacGregor's asset-light business model gives flexibility



Cost-efficient scaling

90% of manufacturing outsourced

30% of design and engineering capacity outsourced

TTS acquisition completed

Strategic rationale

Service growth potential

Strengthening MacGregor's position also in China

Based on revised estimates, potential cost synergies are estimated to be around EUR 25-30 million on annual level

Overview of the acquired business

Employs ca. 600 people

Services 26% of revenues

Estimated 2019 sales EUR 50 million, comparable operating profit at break-even

Closing balance sheet expected to be completed during Q4

Restructuring costs ca. EUR 40 million in 2019

Acquisition

Acquired businesses represent around 90% of total sales of the TTS Group

Announced enterprise value EUR 87 million

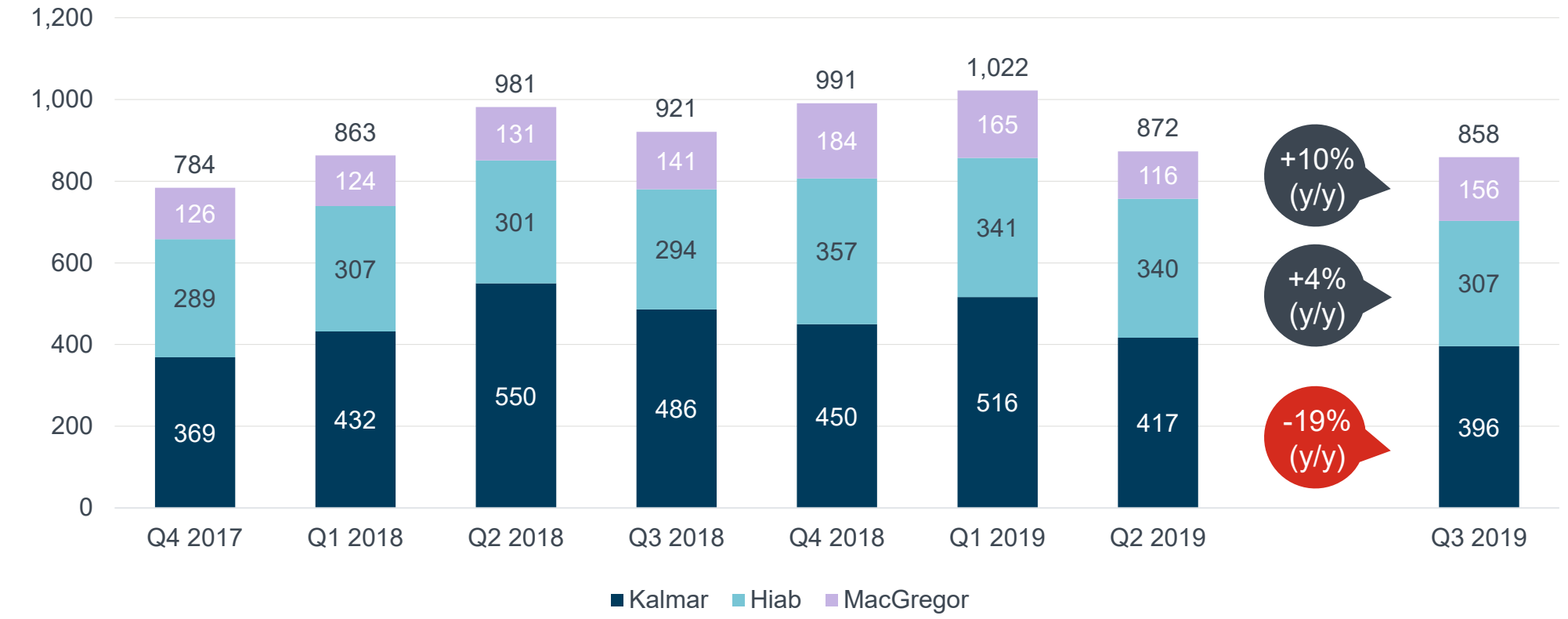
Acquisition was completed on 31 July 2019

TTS results have been consolidated into MacGregor's financial figures as of 1 August 2019

Orders received declined from the comparison period

Orders received

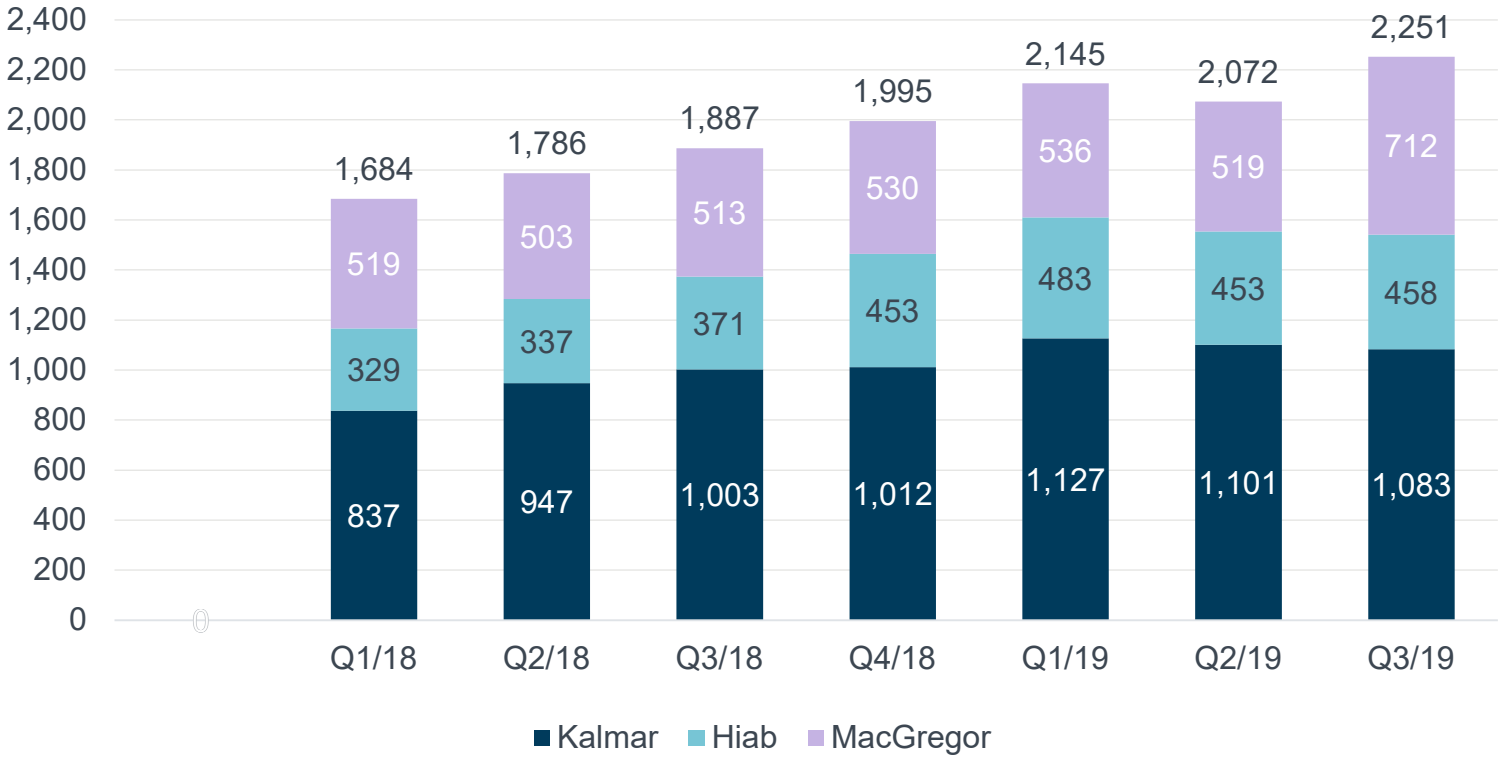
MEUR



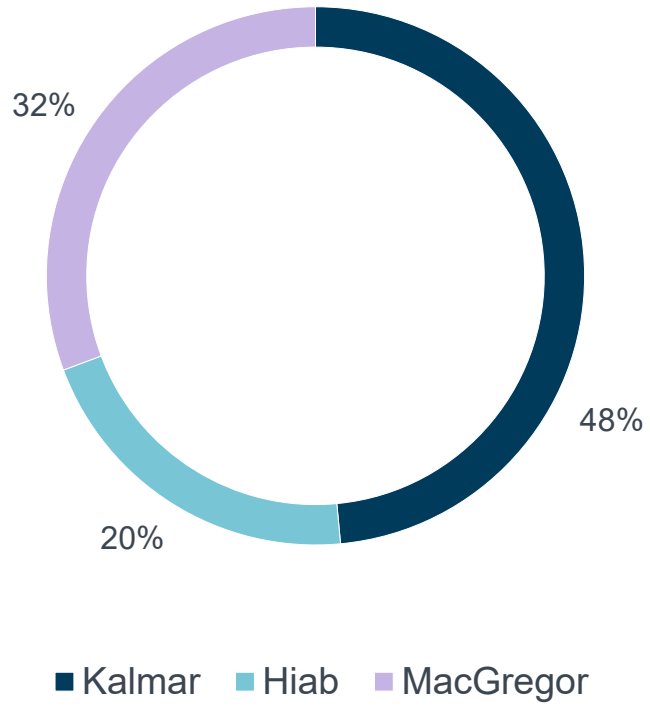
Order book increased

Order book

MEUR



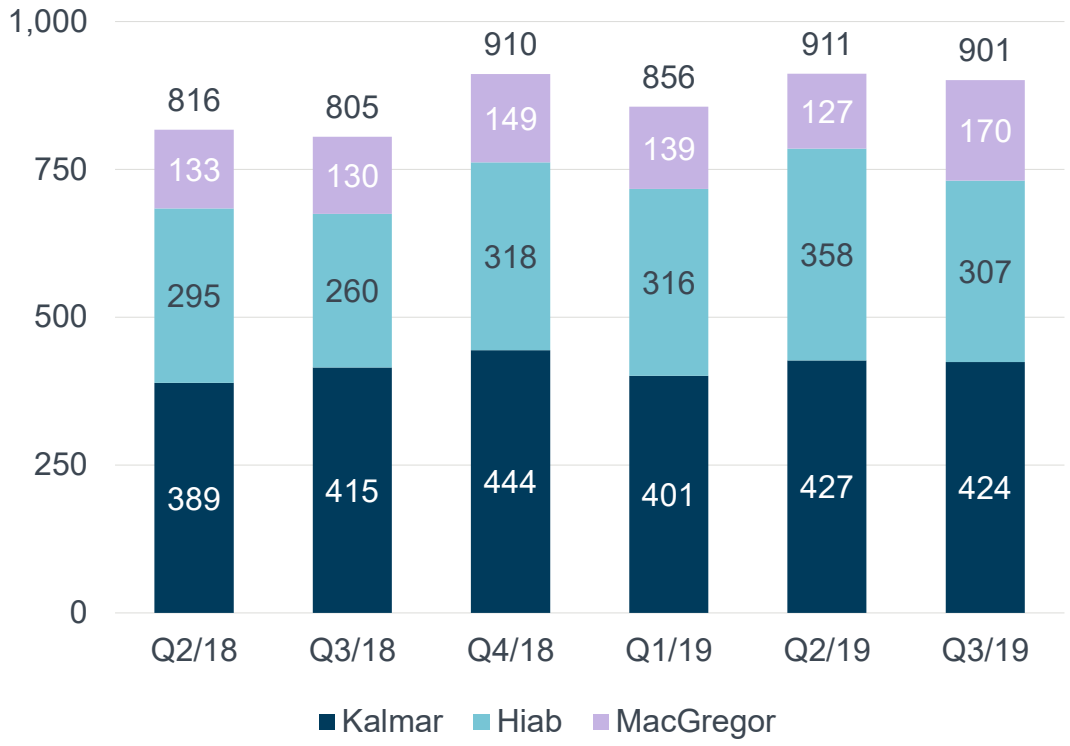
Order book by reporting segment, Q3 2019



Sales increased, comparable operating profit up by 18%

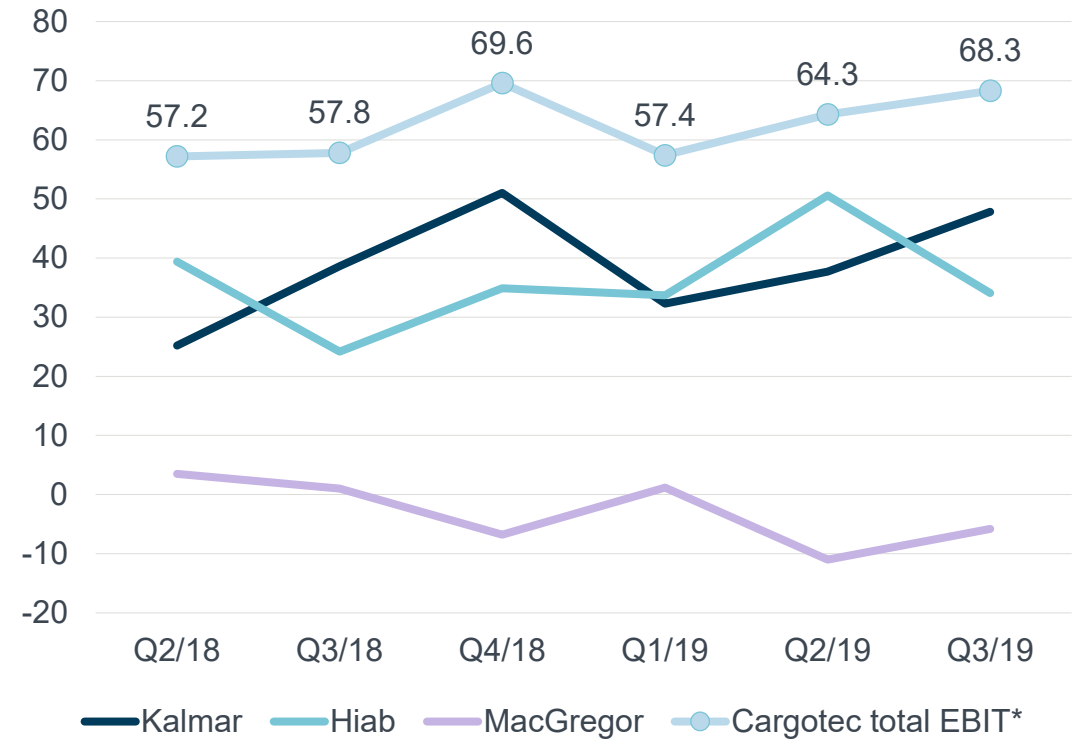
Sales

MEUR



Comparable operating profit

MEUR



*) Including Corporate admin and support

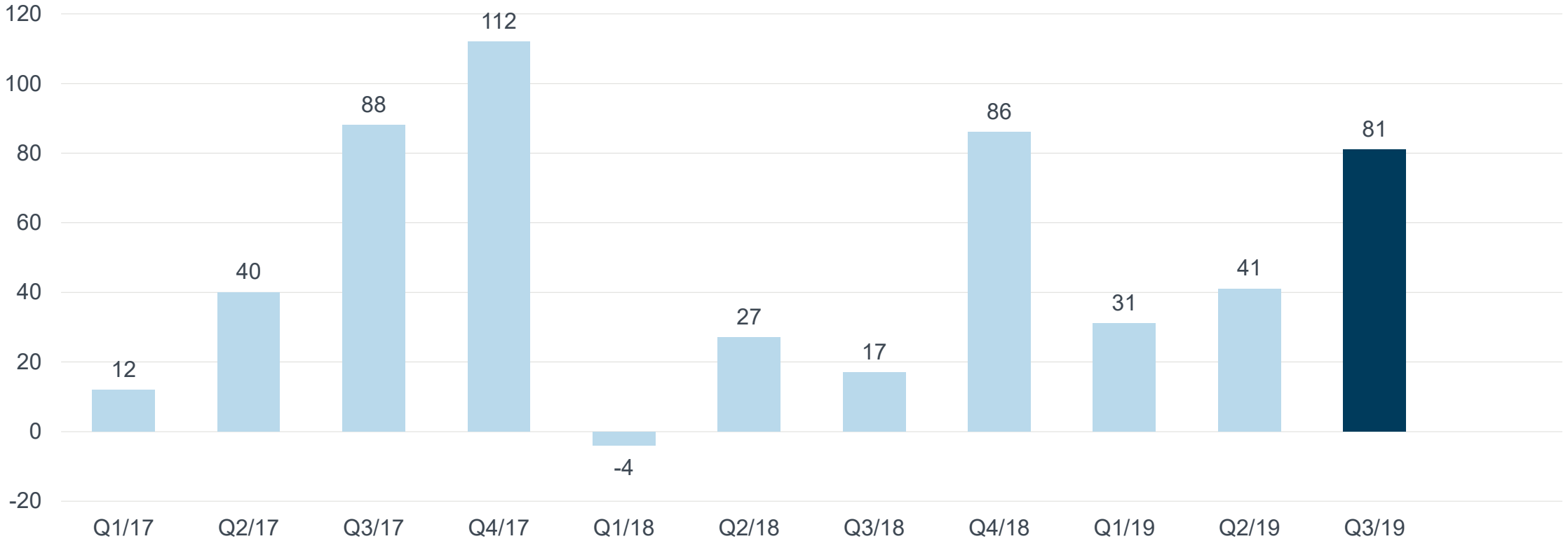
Key figures – profitability improved

	7-9/19	7-9/18	Change	1-9/19	1-9/18	Change
Orders received, MEUR	**858**	921	-7%	**2,752**	2,766	0%
Order book, MEUR	**2,251**	1,887	+19%	**2,251**	1,887	+19%
Sales, MEUR	**901**	805	+12%	**2,669**	2,394	+11%
Comparable operating profit, MEUR	**68.3**	57.8	+18%	**190.0**	172.5	+10%
Comparable operating profit, %	**7.6%**	7.2%		**7.1%**	7.2%	
Items affecting comparability, MEUR	**-10.5**	-3.3	< -100%	**-28.1**	-43.4	+35%
Operating profit, MEUR	**57.9**	54.5	6%	**162.0**	129.1	+26%
Operating profit, %	**6.4%**	6.8%		**6.1%**	5.4%	
Net income, MEUR	**29.7**	37.9	-22%	**89.7**	73.9	+21%
Earnings per share, EUR	**0.46**	0.58	-21%	**1.39**	1.13	+23%
Earnings per share, EUR*	**0.56**	0.63	-11%	**1.68**	1.71	-2%

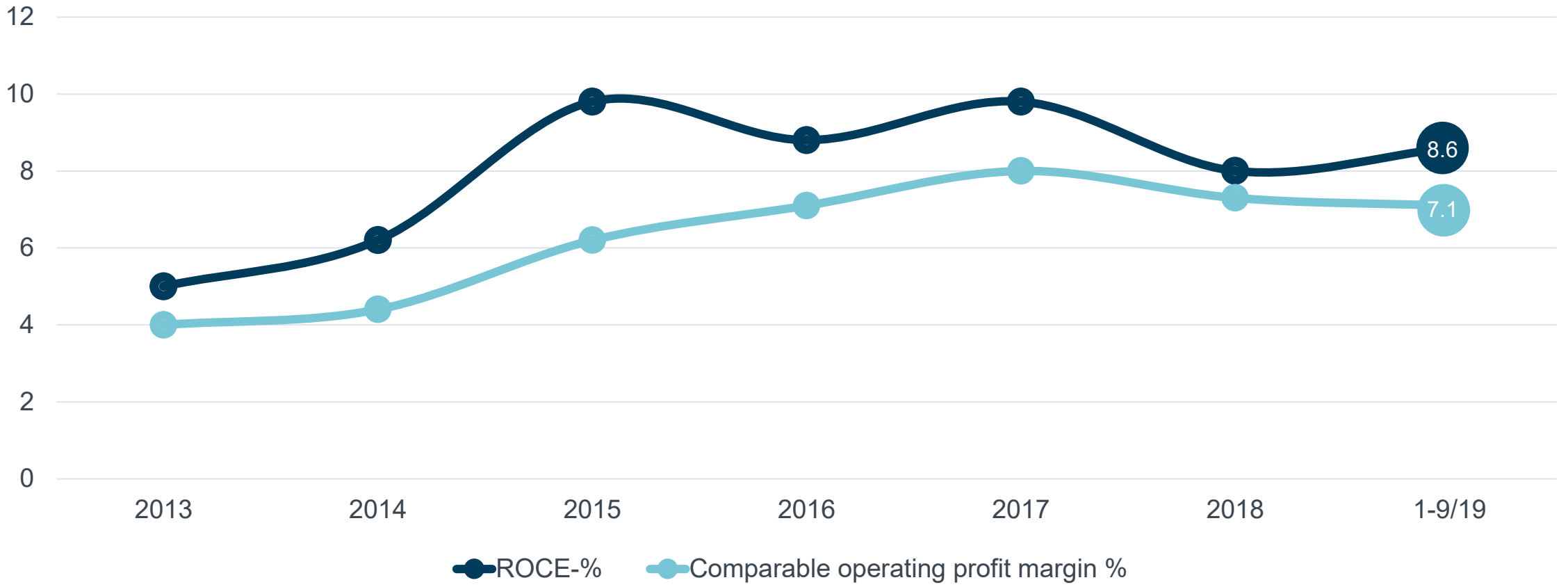
Cash flow from operations improved

Cash flow from operations before financing items and taxes

MEUR



ROCE improvement driven by higher profitability

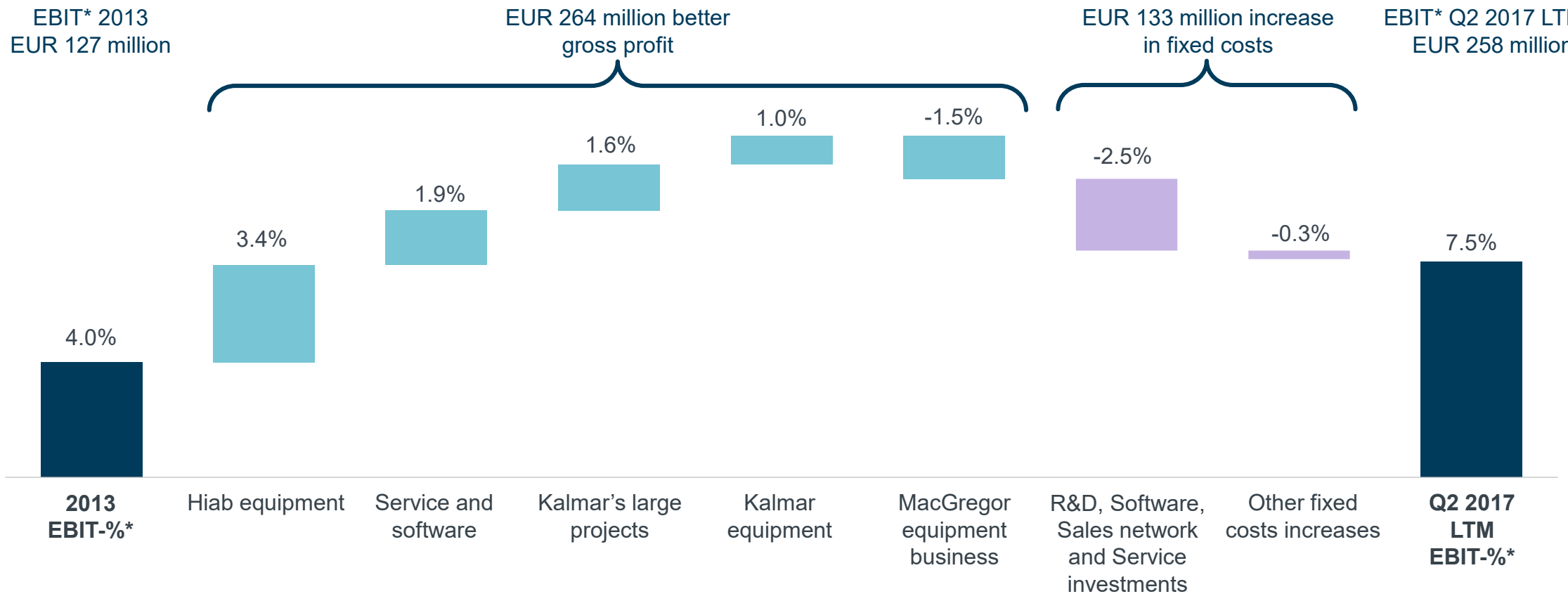


ROCE (return on capital employed), last 12 months

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).

We have increased EBIT* margins since 2013 through operational improvements



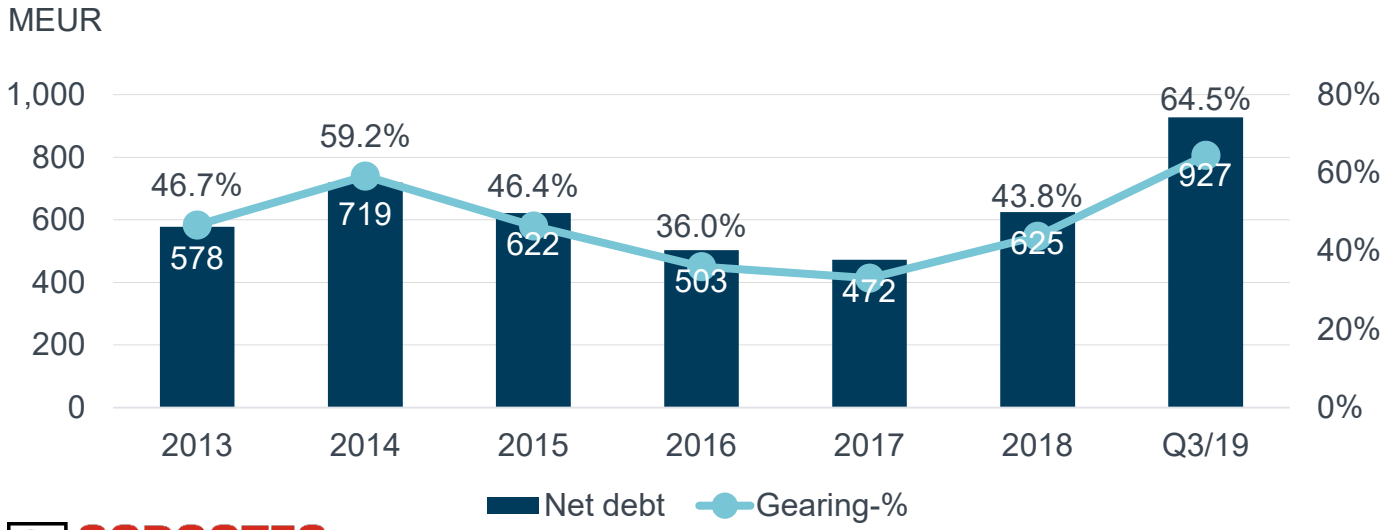
*Excluding restructuring costs
**LTM=Last 12 months (Q3/16-Q2/17)

M&A strategy focusing on bolt-on acquisitions

Key acquisition criteria

- Contribution to 15% ROCE target
- Recurring business
- Increase the potential for services through larger installed base and increased presence
- Group gearing long term target of 50%

Interest-bearing net debt and gearing



M&A focus by business area:

Kalmar

Expand service footprint and software offering

Hiab

Expand geographical presence, service and product offering

MacGregor

Focus on distressed assets and software and intelligent technology

M&A in 2017

RAPP MARINE GROUP

Strengthen MacGregor's offering for the fishery and research vessel segment

Sales

EUR 40 million

in 2017

Around 30% of sales from services

ARGOS

Hiab entrance to Brazilian loader crane market

Sales

EUR 6 million

in 2017

INVER PORT SOLUTIONS

Broaden Kalmar's existing service capabilities throughout Australia

Sales

EUR 5 million

in 2017

EFFER acquisition finalised in Q4 2018

Effer in brief

Global leader in the heavy cranes segment

2018 sales around EUR 97 million and operating profit EUR 5 million

Distribution network of over 100 dealers covering 60 countries globally

Strategic rationale

Effer complements Hiab's loader cranes portfolio and expands the offering in heavy cranes

Leverage Hiab's global service network to boost Effer service sales

Strenghthen Hiab's position in Effer's core market areas

Transaction highlights

Enterprise value EUR 50 million

Acquisition was closed on 6 November 2018

TTS acquisition completed in Q3 2019

Strategic rationale

Service growth potential

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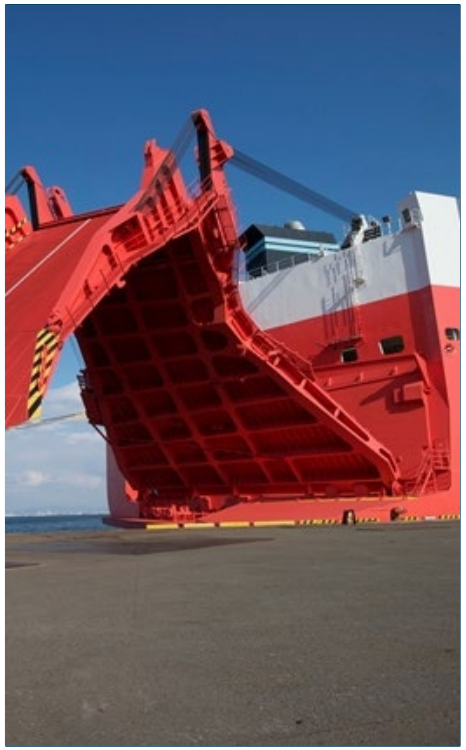
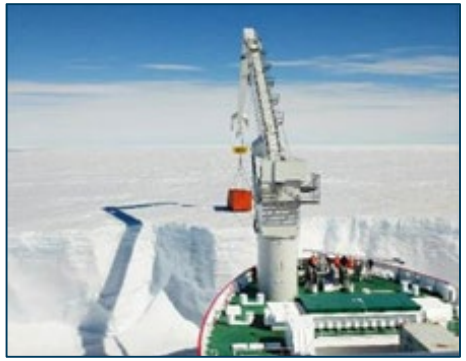
Acquisition was completed on 31 July 2019

TTS results have been consolidated into MacGregor's financial figures as of 1 August 2019

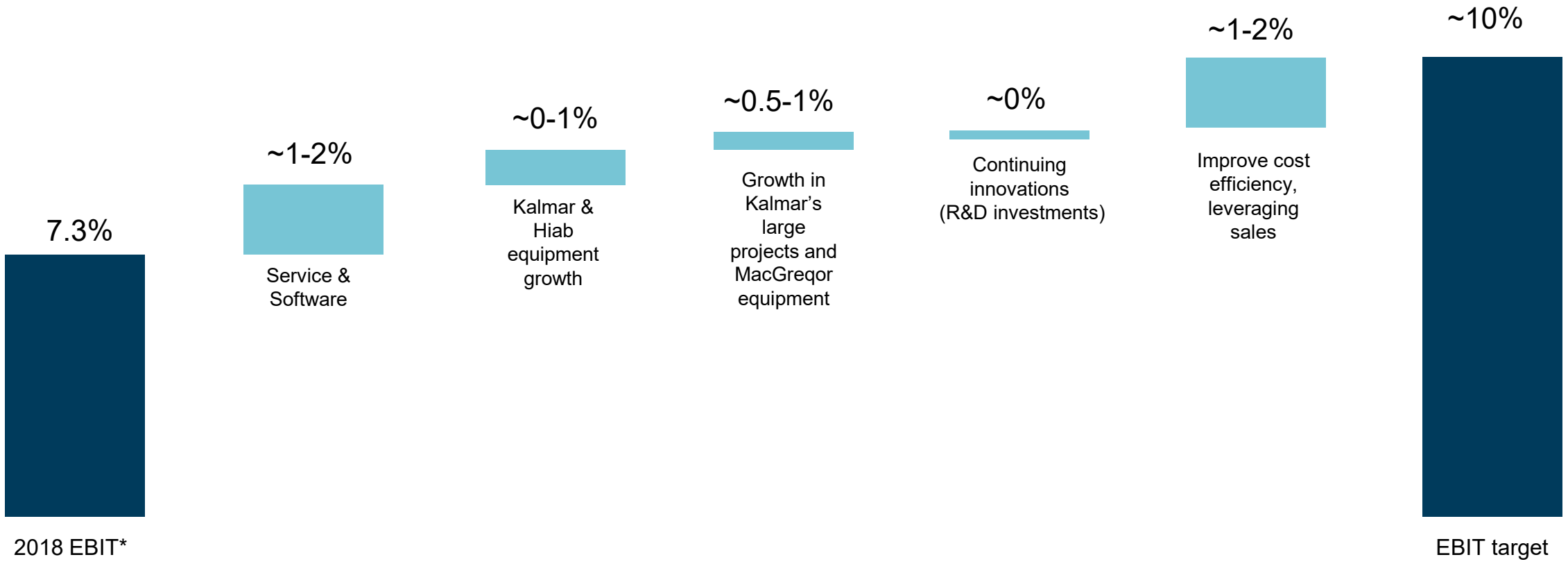
TTS product portfolio

RoRo, Cruise & Navy	Container, Bulk & Tank Vessels	Multipurpose & General Cargo	Offshore Vessels	Services





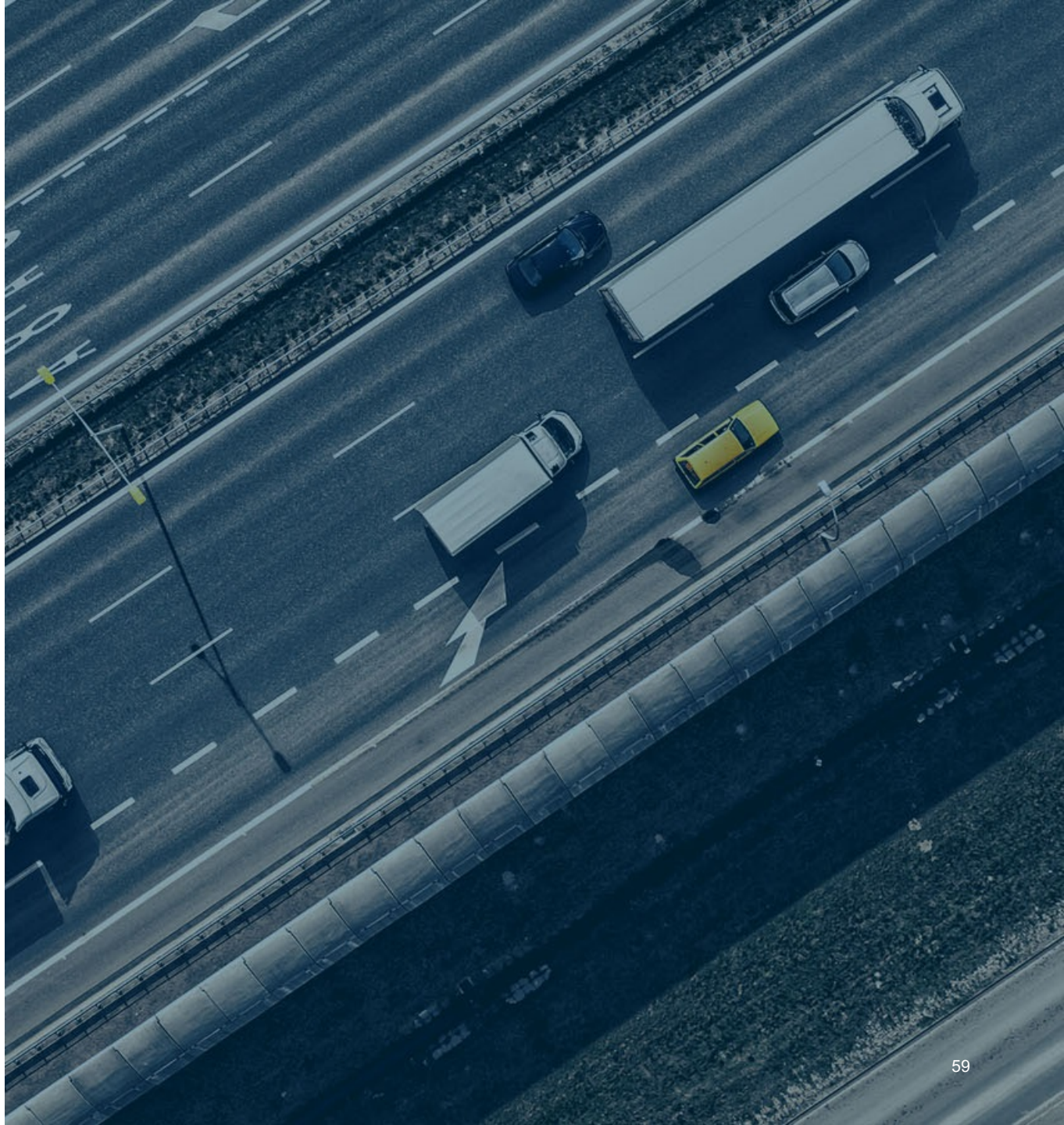
Our target is to reach 10% EBIT



Target announced in September 2017, target to be reached in 3-5 years
*Comparable operating profit

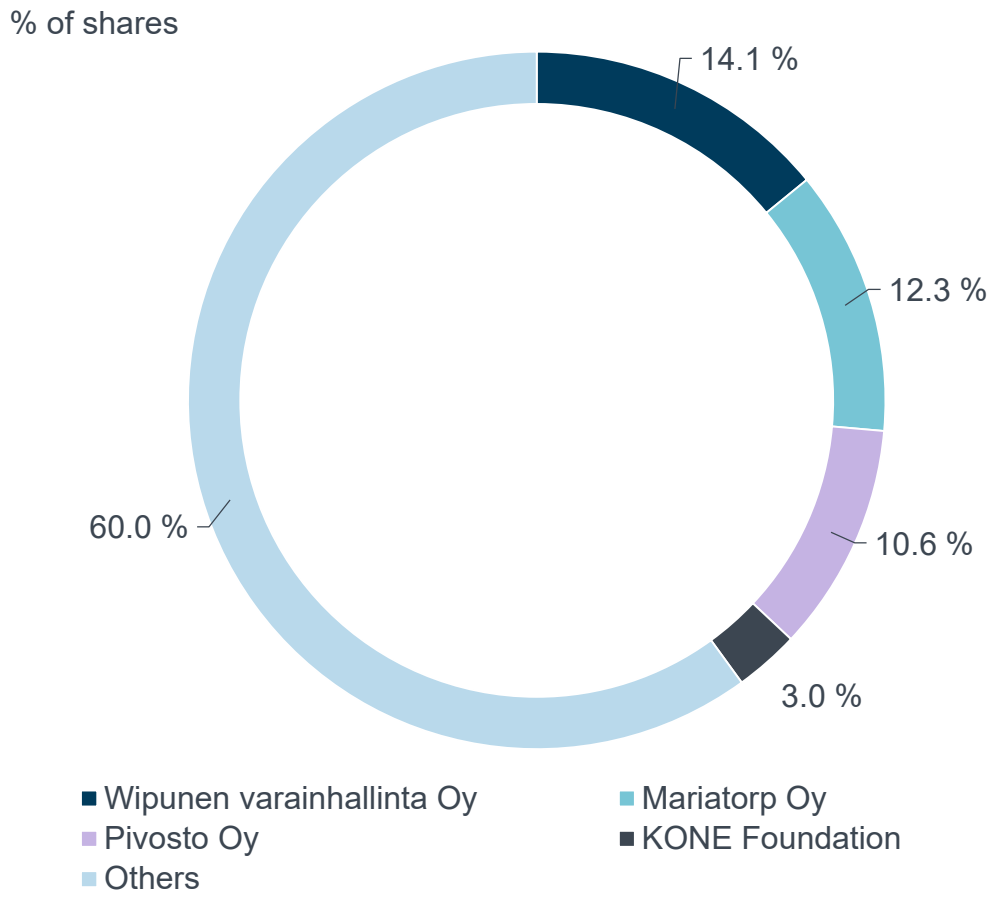
Appendix

1. Largest shareholders and financials
2. Sustainability
3. Kalmar
4. Hiab
5. MacGregor



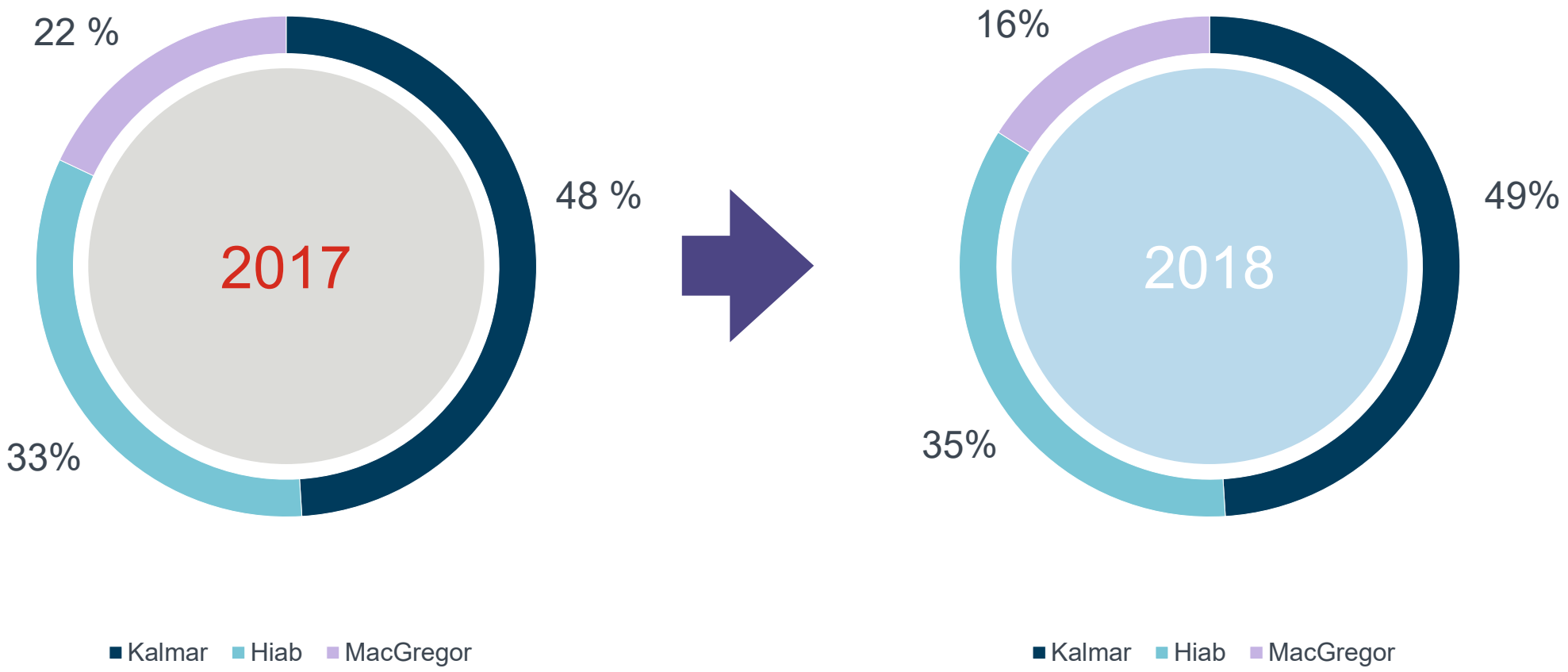
Largest shareholders 30 September 2019

		% of shares	% of votes
1.	Wipunen varainhallinta Oy	14.1	23.7
2.	Mariatorp Oy	12.3	22.9
3.	Pivosto Oy	10.6	22.2
4.	KONE Foundation	3.0	5.5
5.	Ilmarinen Mutual Pension Insurance Company	2.3	1.0
6.	Varma Mutual Pension Insurance Company	1.8	0.8
7.	The State Pension Fund	1.2	0.5
8.	Mandatum Life Insurance Company Ltd.	0.8	0.3
9.	Elo Mutual Pension Insurance Company	0.7	0.3
10.	Veritas Mutual Pension Insurance Company	0.6	0.3
Nominee registered and non-Finnish holders		**26.9**	
Total number of shareholders		**24,762**	

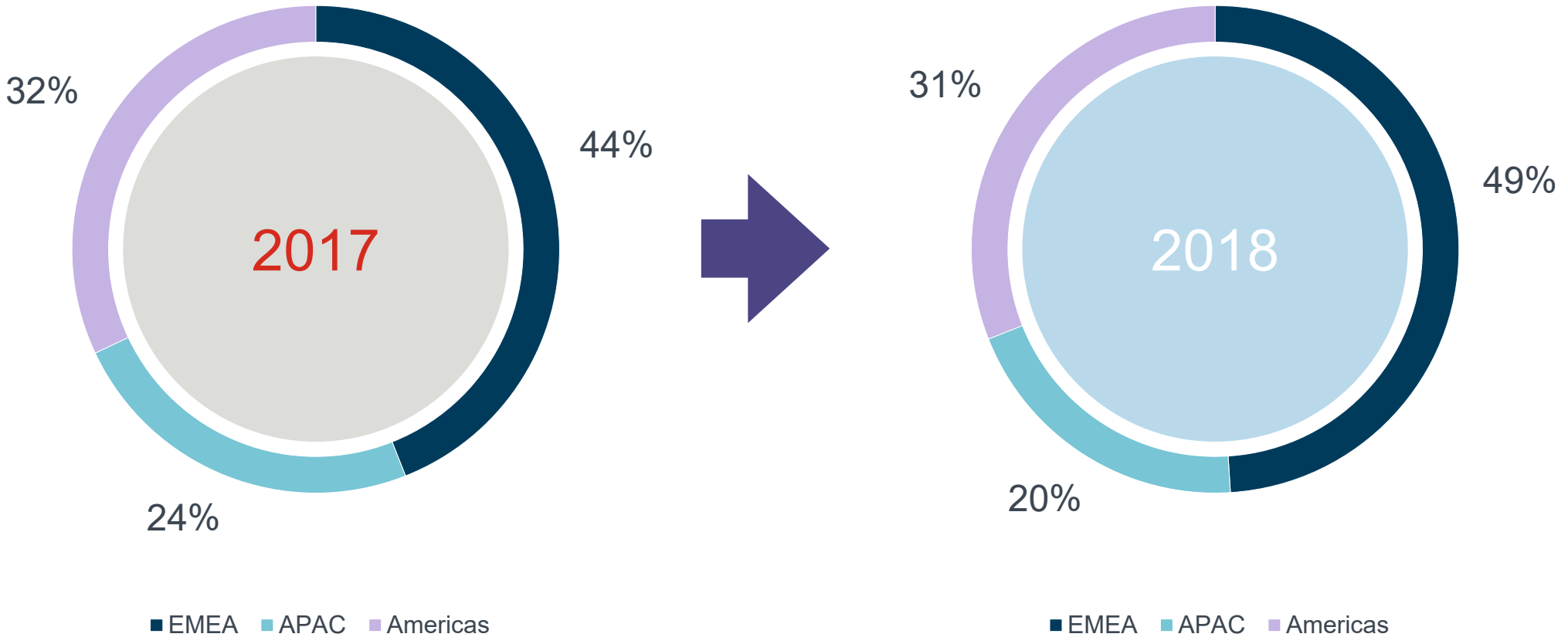


Wipunen varainhallinta Oy is a company controlled by Ilkka Herlin, Mariatorp Oy a company controlled by Niklas Herlin's estate and Pivosto Oy a company controlled by Ilona Herlin.

Hiab’s share increasing in sales mix

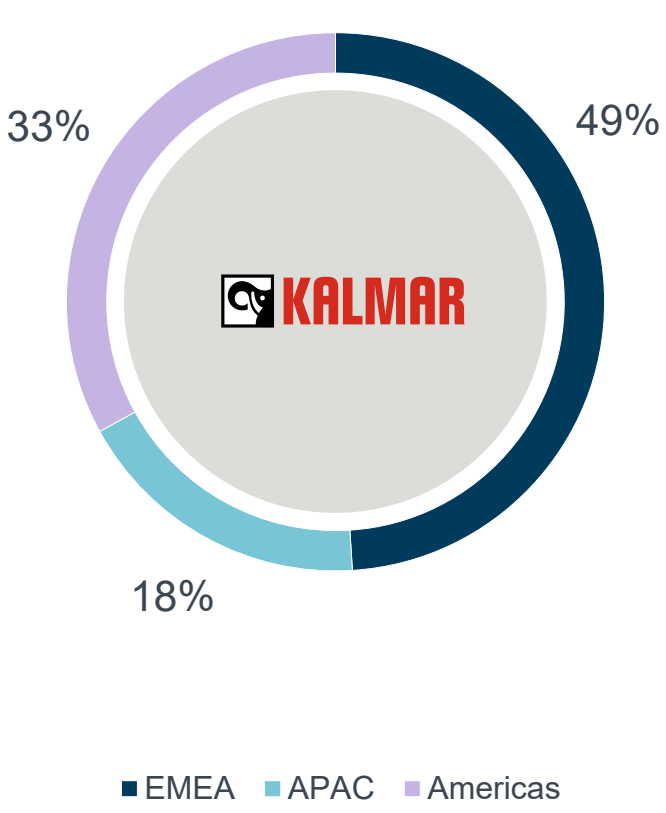


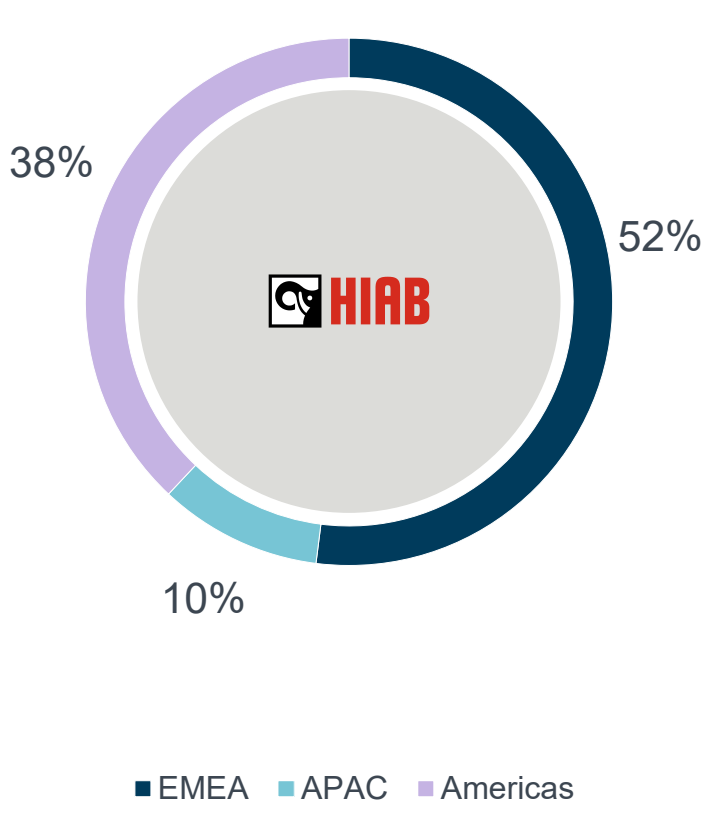
Well diversified geographical sales mix

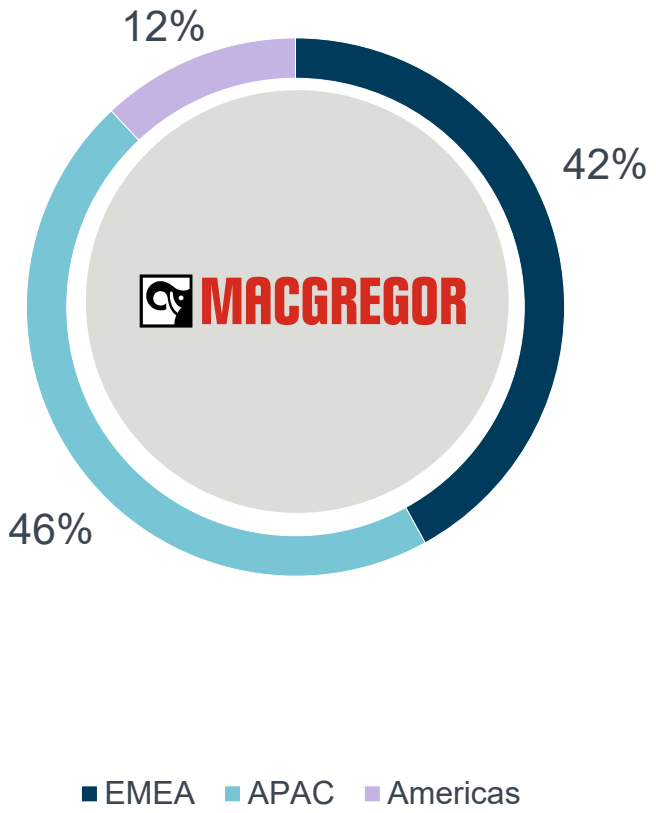


Year 2017 figures have been restated according to IFRS 15

Sales by geographical segment by business area 2018







Year 2017 figures have been restated according to IFRS 15

Cargotec’s R&D and assembly sites

EMEA

- Arendal, Norway (MacGregor R&D)
- Averøy, Norway (Macgregor prod + R&D)
- Kristiansand, Norway (MacGregor R&D)
- Dundalk, Ireland (Hiab prod. + R&D)
- Witney, UK (Hiab prod.)
- Whitstable, UK (MacGregor prod.)
- Zaragoza, Spain (Hiab prod.)
- Uetersen, Germany (MacGregor prod. + WS + R&D)
- Schwerin, Germany (MacGregor prod.)
- Stargard Szczecinski, Poland (Kalmar + Hiab prod.)
- Bispgården, Sweden (Hiab prod.)
- Lidhult, Sweden (Kalmar R&D)
- Bjuv, Sweden (Kalmar prod.)
- Örnsköldsvik, Sweden (MacGregor WS + WH + R&D)
- Hudiksvall, Sweden (Hiab R&D)
- Helsinki, Finland (HQ)
- Kaarina, Finland (MacGregor R&D)
- Raisio, Finland (Hiab prod.)
- Tampere, Finland (Kalmar WS + R&D)

APAC

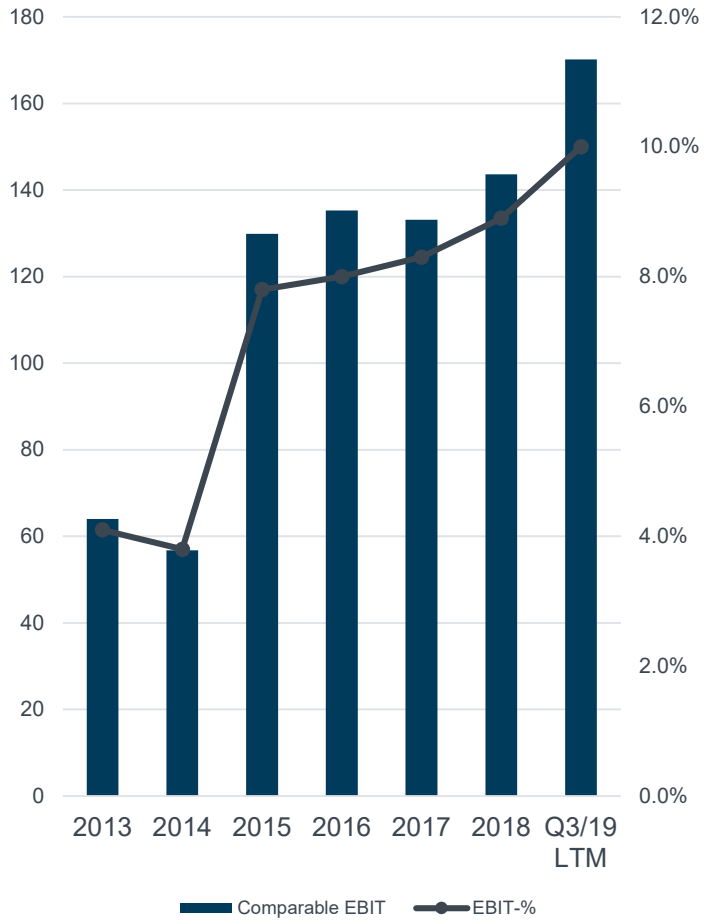
- Chungbuk, South Korea (Hiab prod.)
- Tianjin, China (MacGregor prod.)
- Bangalore, India (Kalmar prod. + R&D)
- Chennai, India (Navis–Kalmar R&D)
- Ipoh, Malaysia (Bromma prod.)
- Shanghai, China (Kalmar prod. + WH)
- Busan, South Korea (MacGregor prod.)
- Singapore, (R&D)

Americas

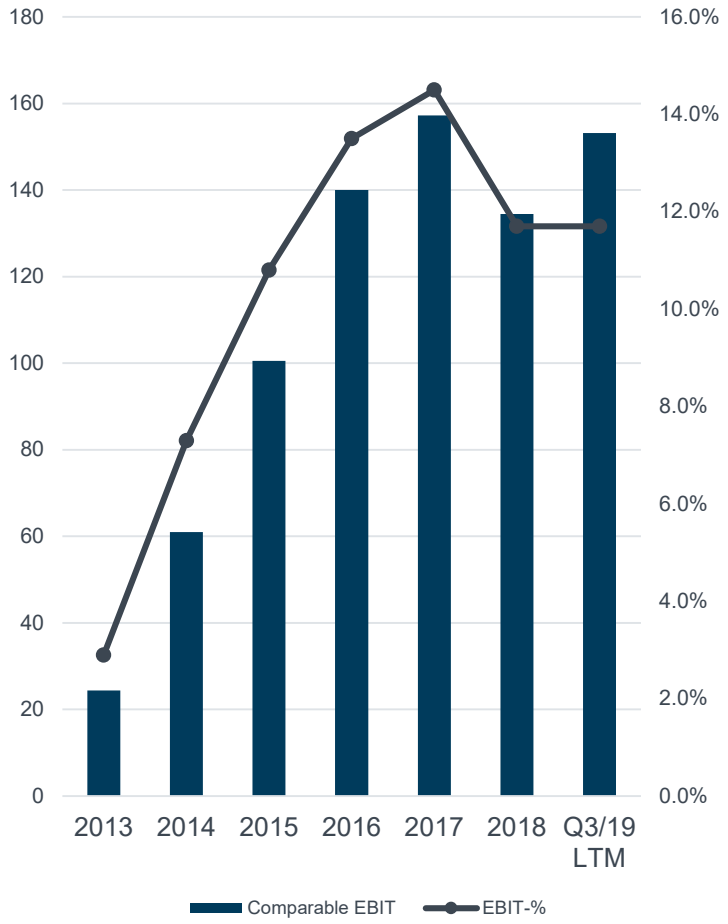
- Ottawa, Kansas (Kalmar prod.)
- Oakland, California (Kalmar R&D)
- Cibolo, Texas (Kalmar prod.)
- Tallmadge, Ohio (Hiab prod.)

Comparable operating profit development

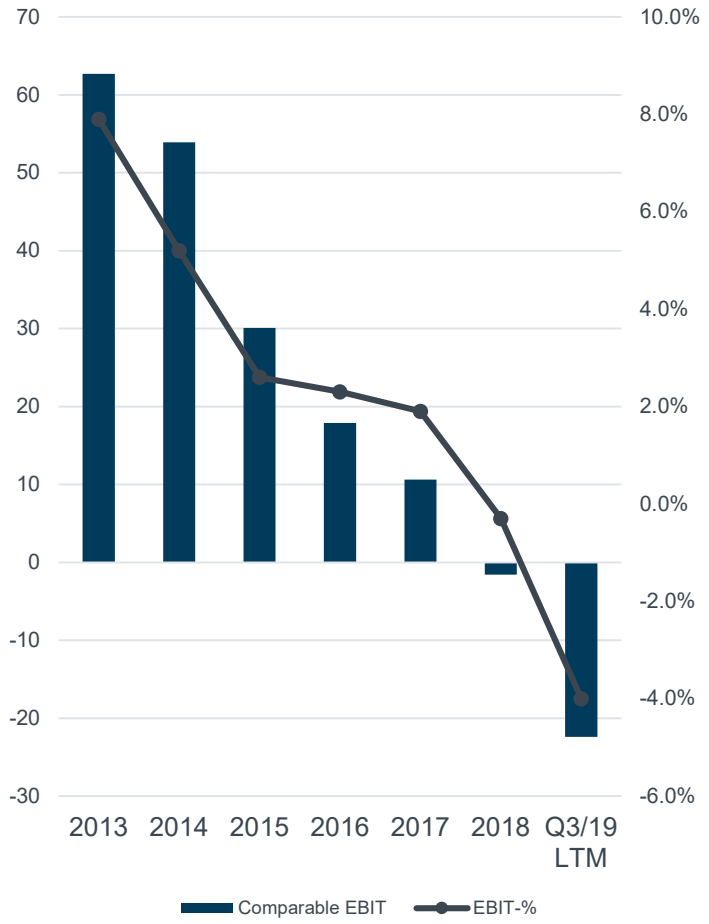
Kalmar



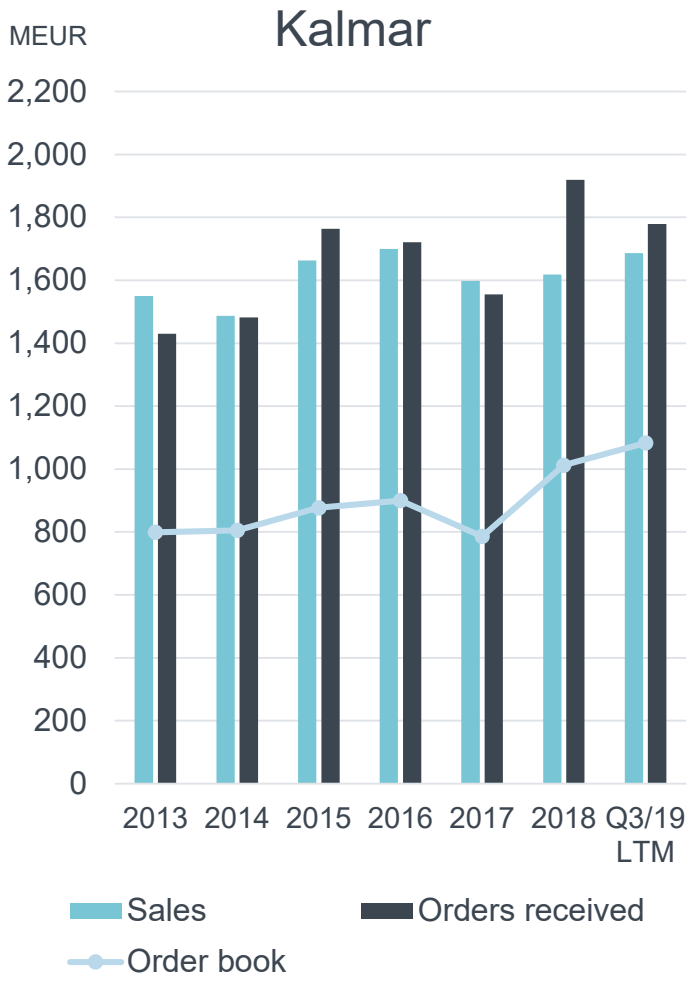
Hiab

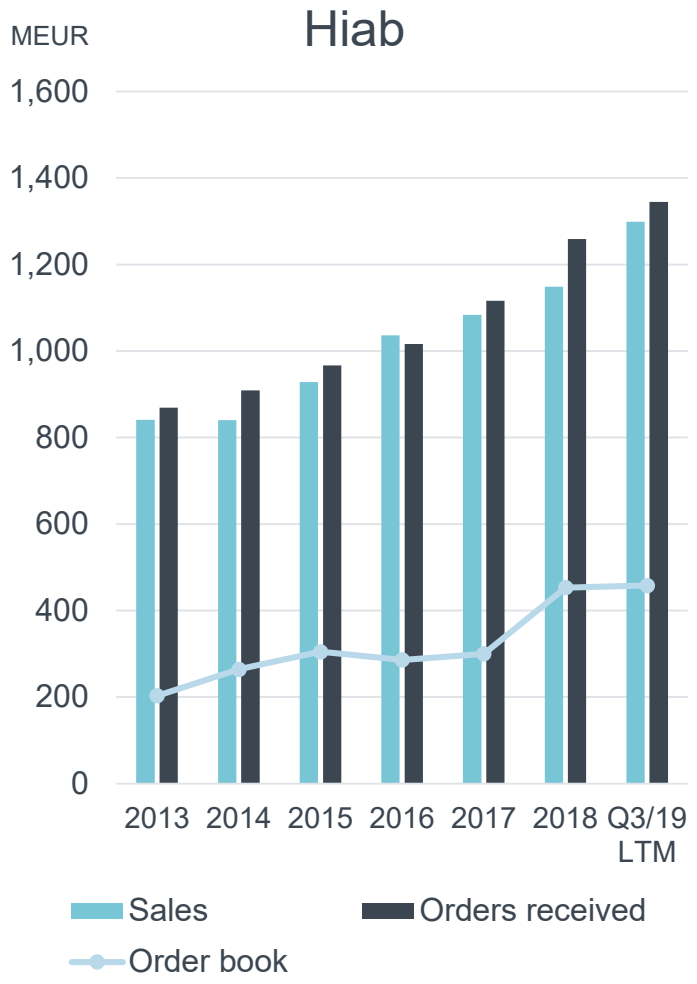


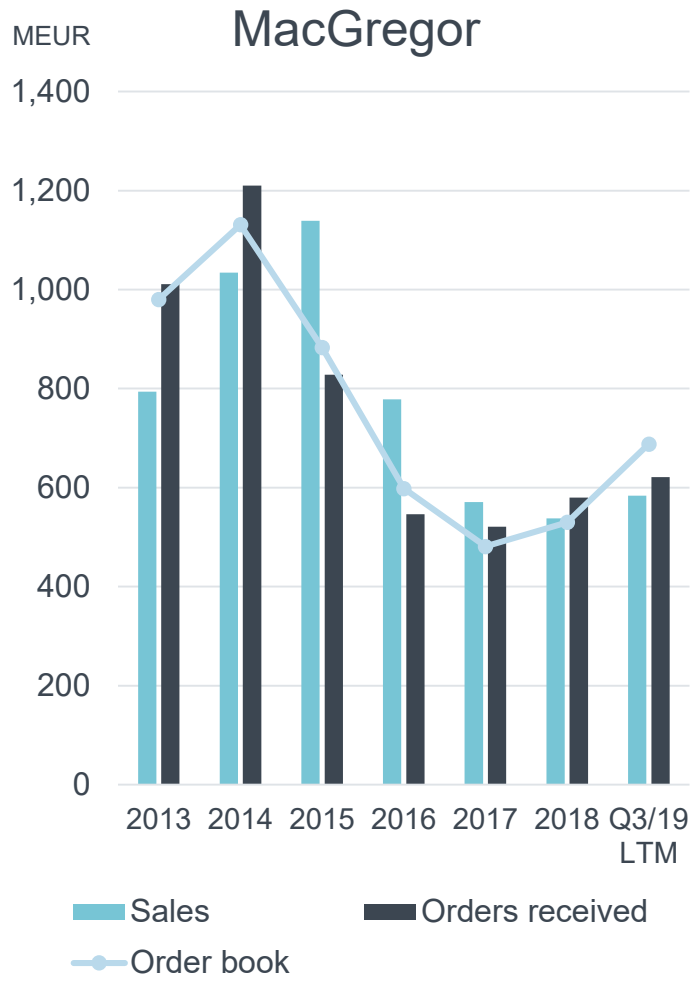
MacGregor



Sales and orders received development

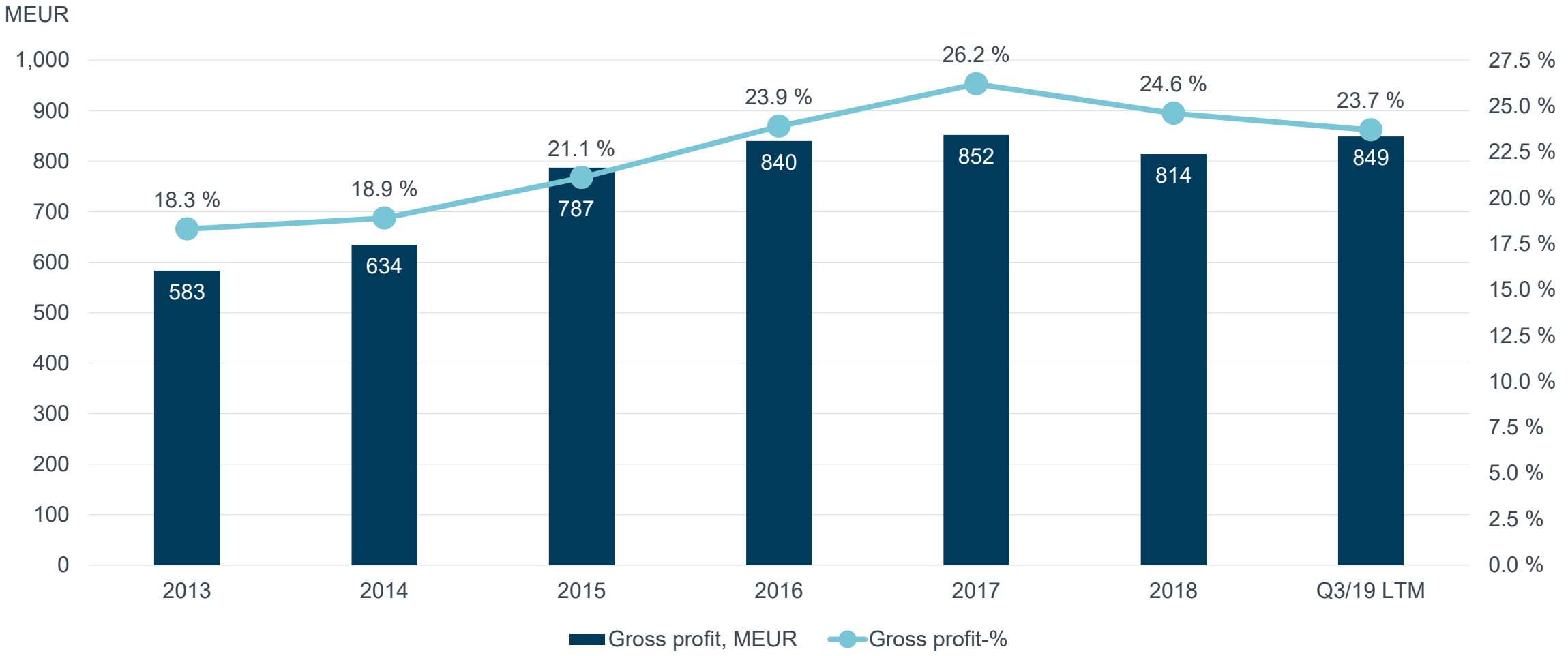




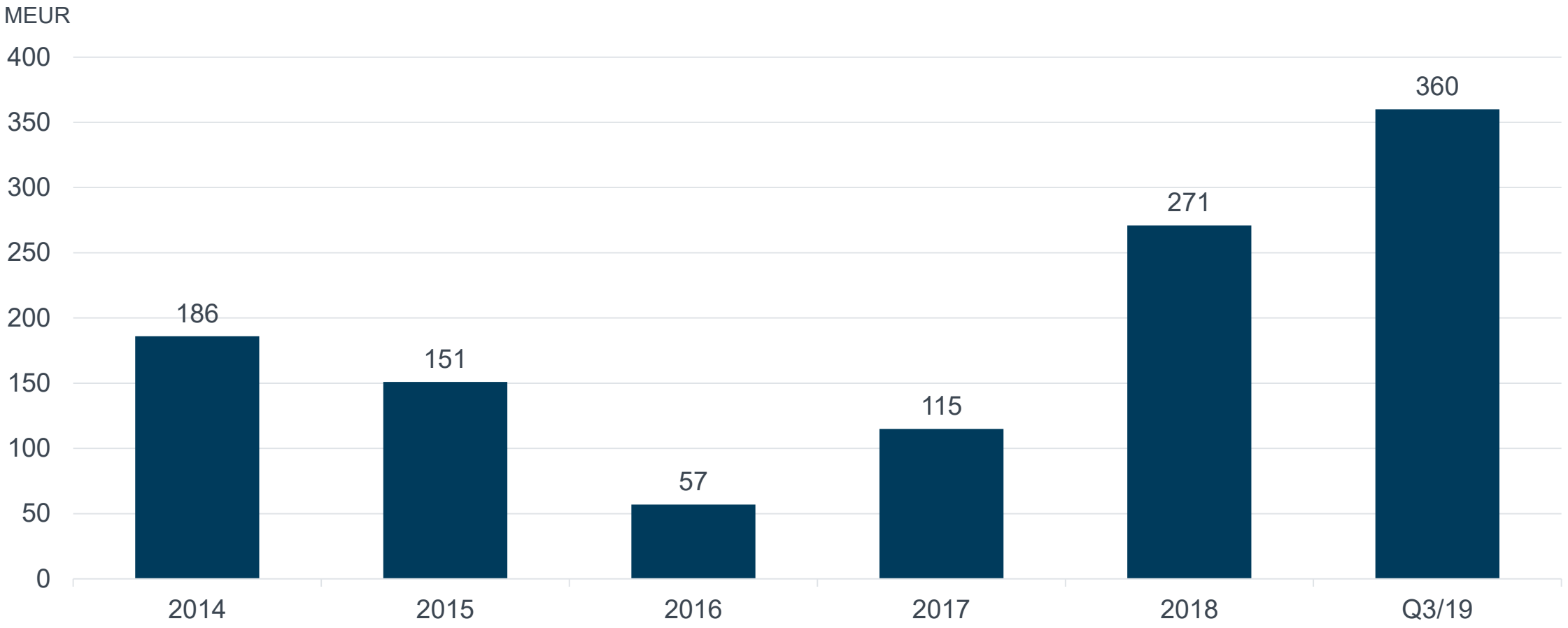


LTM = Last 12 months

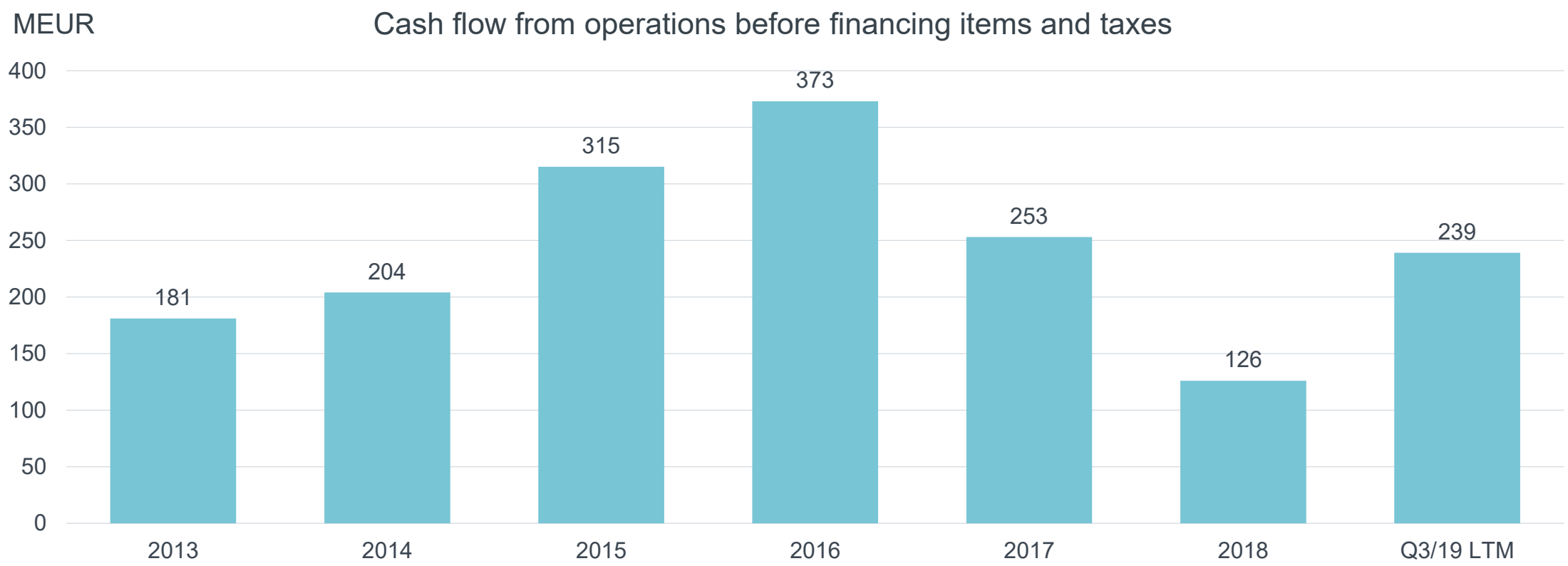
Gross profit development



Net working capital increased due to higher inventories and accounts receivable



Cash flow from operations development



Income statement Q3 2019

MEUR	Q3/19	Q3/18	Q1-Q3/19	Q1-Q3/18	2018
Sales	**901.3**	**804.6**	**2,668.6**	**2,393.7**	**3,303.5**
Cost of goods sold	-691.1	-607.8	-2,035.2	-1,795.3	-2,489.3
Gross profit	**210.2**	**196.7**	**633.4**	**598.4**	**814.2**
Gross profit, %	*23.3%*	*24.4%*	*23.7%*	*25.0%*	*24.6%*
Other operating income	8.4	8.6	24.8	30.1	44.8
Selling and marketing expenses	-56.5	-57.9	-175.8	-173.3	-234.4
Research and development expenses	-23.7	-22.2	-75.2	-70.5	-94.7
Administration expenses	-61.8	-60.3	-193.2	-188.6	-252.9
Restructuring costs	-10.0	-2.6	-26.6	-41.3	-53.8
Other operating expenses	-7.7	-8.7	-23.3	-26.3	-35.4
Costs and expenses	-151.3	-143.1	-469.4	-469.9	-626.5
Share of associated companies' and joint ventures' net income	-1.0	0.9	-2.1	0.6	2.3
Operating profit	**57.9**	**54.5**	**162.0**	**129.1**	**190.0**
Operating profit, %	*6.4%*	*6.8%*	*6.1%*	*5.4%*	*5.8%*
Financing income and expenses	-7.9	-7.6	-24.3	-20.1	-28.9
Income before taxes	**50.0**	**47.0**	**137.7**	**108.9**	**161.1**
Income before taxes, %	*5.6%*	*5.8%*	*5.2%*	*4.6%*	*4.9%*
Income taxes	-20.3	-9.0	-48.0	-35.0	-53.1
Net income for the period	**29.7**	**37.9**	**89.7**	**73.9**	**108.0**
Net income for the period, %	*3.3%*	*4.7%*	*3.4%*	*3.1%*	*3.3%*
Net income for the period attributable to:					
Equity holders of the parent	29.7	37.6	89.6	73.0	107.0
Non-controlling interest	0.0	0.4	0.1	0.9	1.1
Total	**29.7**	**37.9**	**89.7**	**73.9**	**108.0**
Earnings per share for profit attributable to the equity holders of the parent:					
Earnings per share, EUR	0.46	0.58	1.39	1.13	1.66
Diluted earnings per share, EUR	0.46	0.58	1.39	1.13	1.65

Sustainability

Sustainability is a great business opportunity

We serve an industry, which produces the majority of emissions as well as GDP in the world

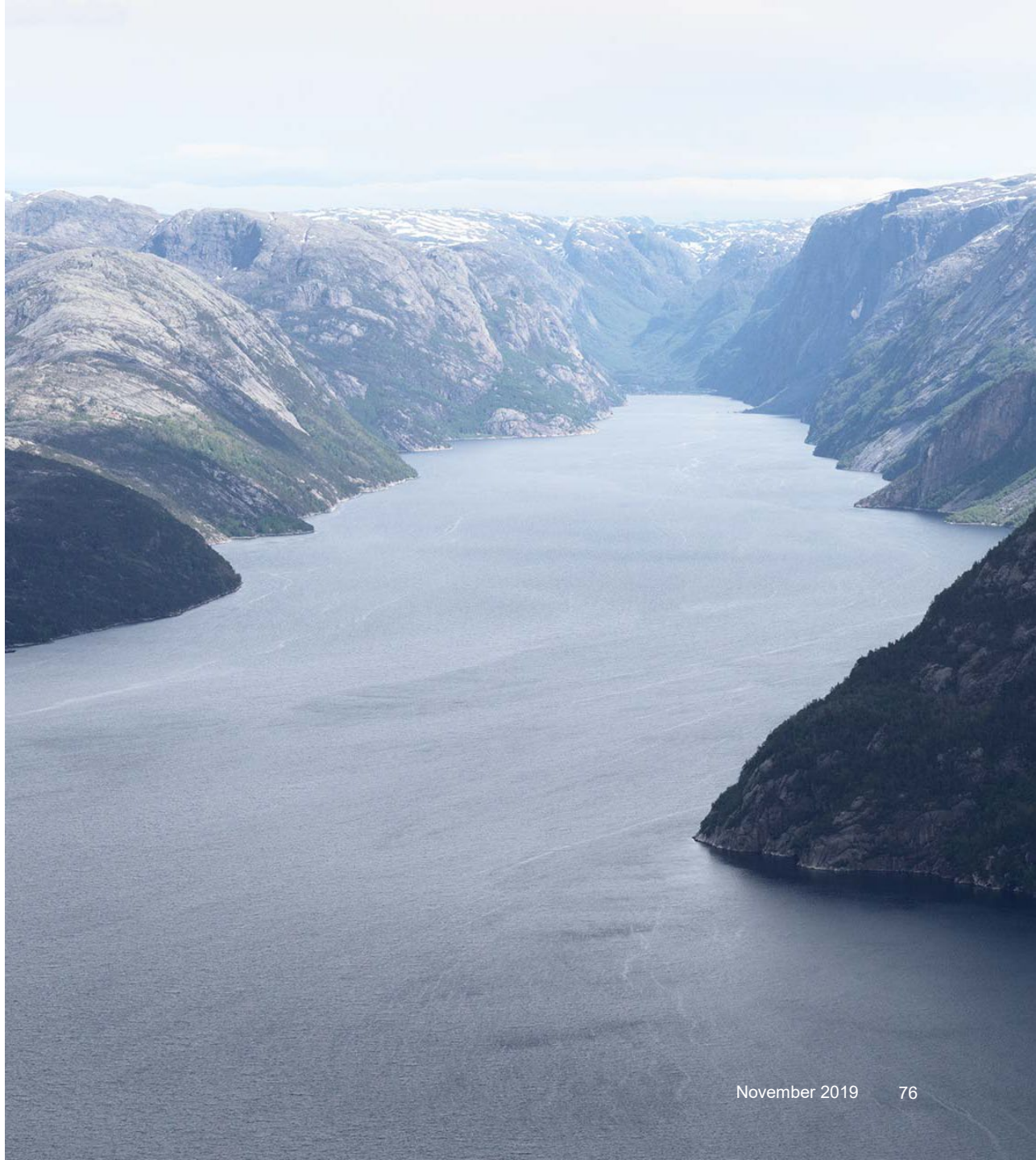
- Inefficient industry with potential to improve

Our vision to be the leader in intelligent cargo handling also drives sustainability

- Increasing efficiency and life-time solutions

We are in a position to be the global frontrunner, setting the sustainability standards for the whole industry

- We are ready to shape the industry to one that is more sustainable



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