

6 February 2020

# Cash flow increased significantly

Cargotec's financial statements review 2019

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- Excellent year in Kalmar and Hiab
- Good development in service business
- Strong order book

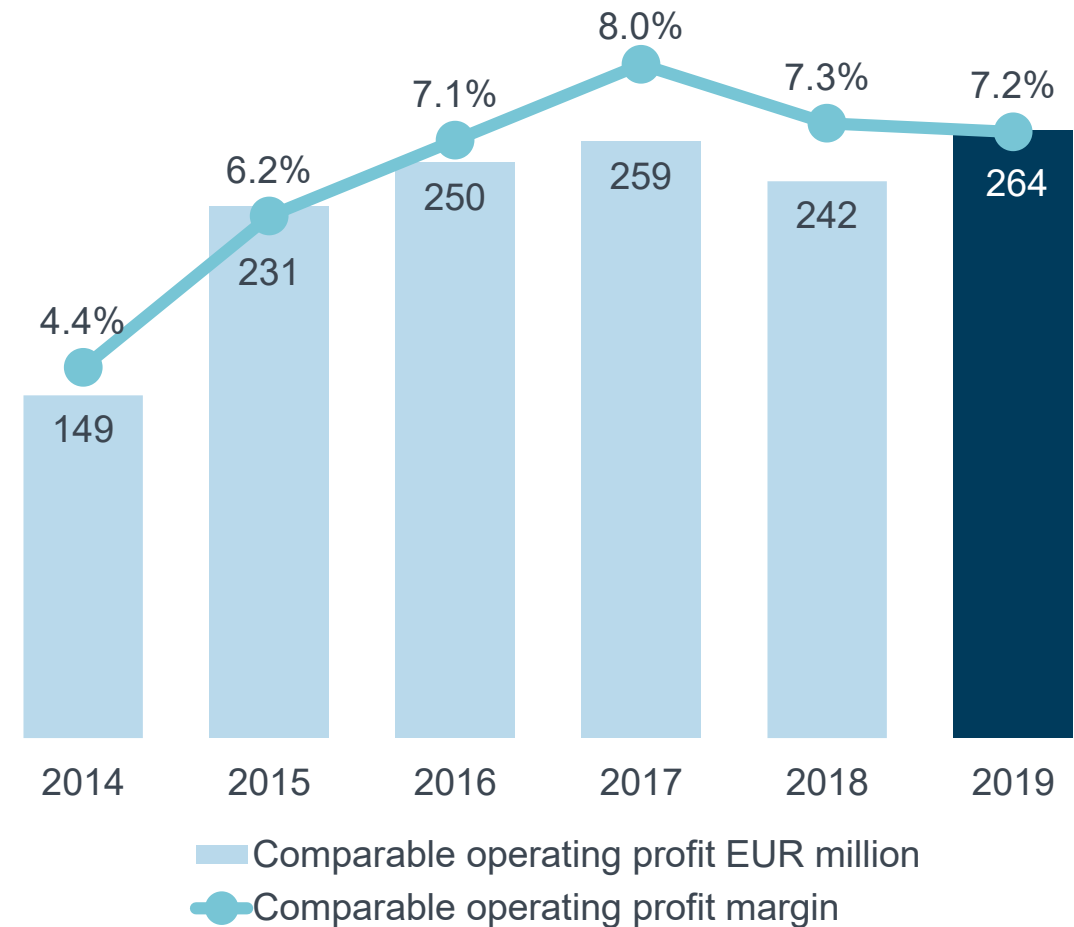
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1. Group level development
2. Strategic options in Navis business
3. Business areas
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# Highlights of 2019 – Comparable operating profit and sales increased

- Orders received decreased by 1%
  - Kalmar -7%
  - Hiab +4%
  - MacGregor +9%
- Sales increased by 11%
  - +10% in comparable FX
- Comparable operating profit increased by 9%
  - Kalmar's increased by 13%, Hiab's by 27%
  - MacGregor's comparable operating profit was MEUR -28 EUR



# Market environment 2019

## Growth in number of containers handled at ports continued

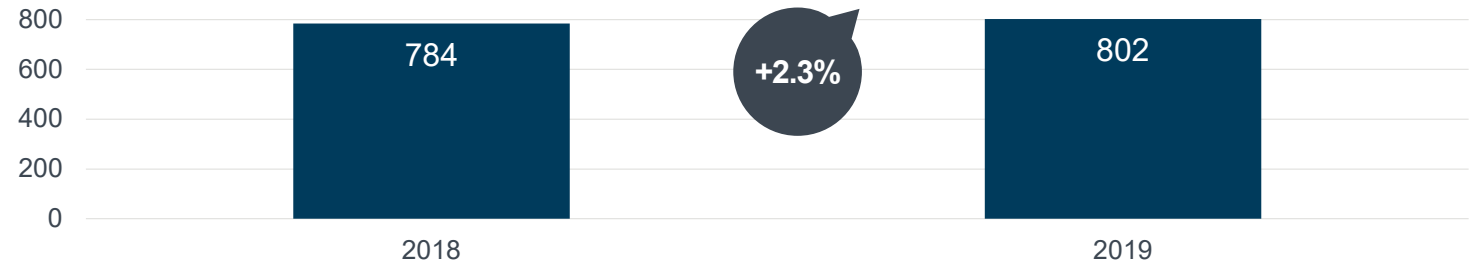
- Customers are starting automation projects mainly with phased investments

## Construction activity increased in Europe and grew slightly in the US

## In both merchant and offshore sector, orders and activity remained on a low level

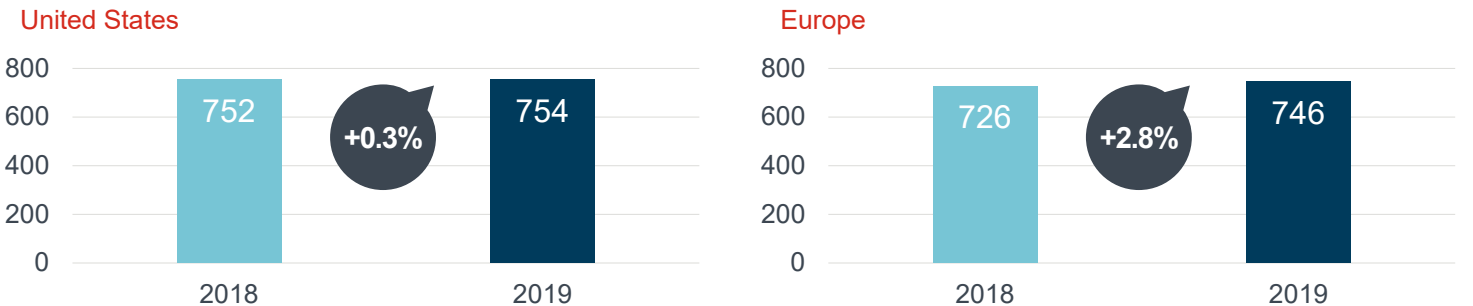
Global container throughput (MTEU) – Key driver for Kalmar

Source: Drewry



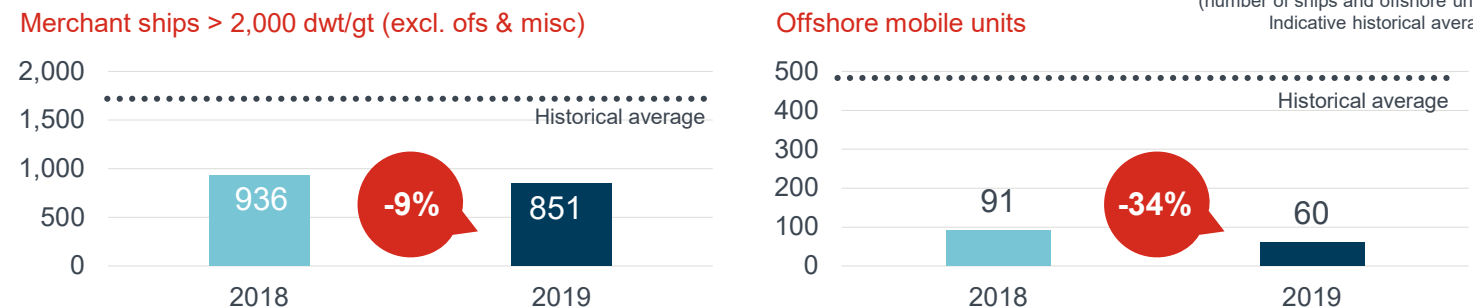
Construction output – Key driver for Hiab

Source: Oxford Economics

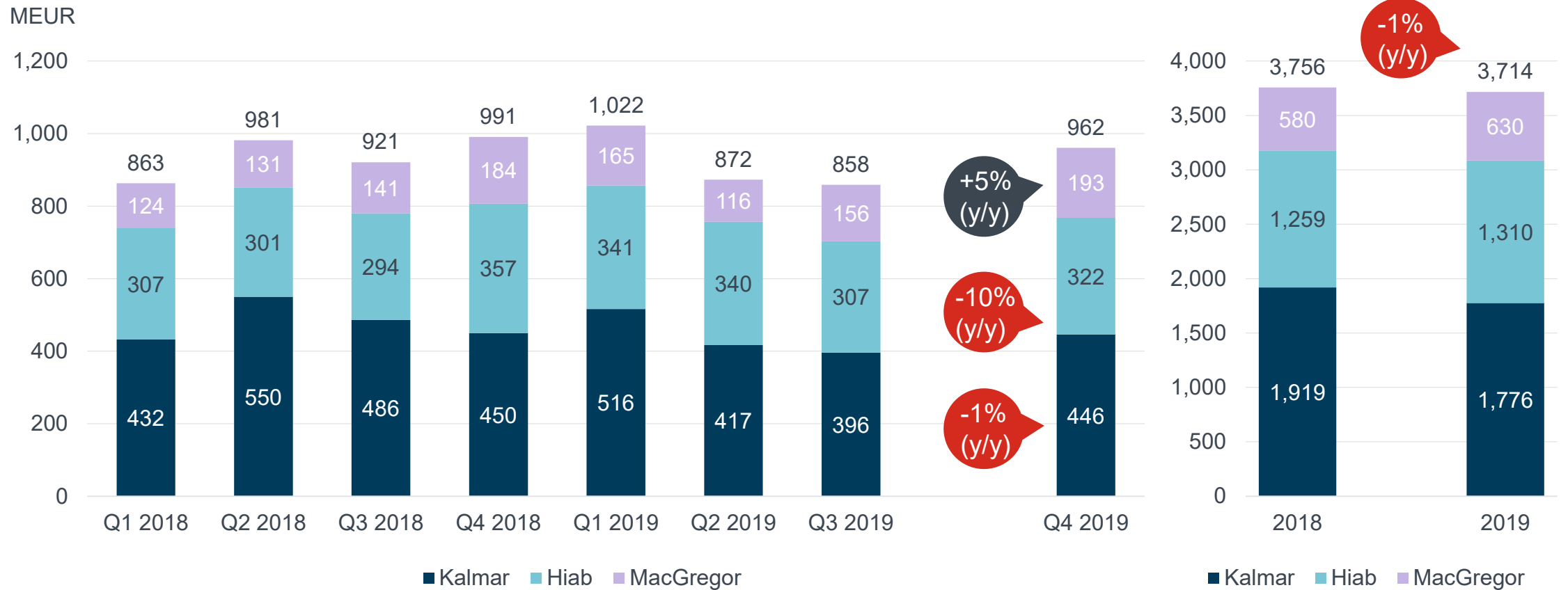


Long term contracting – Key driver for MacGregor

Source: Clarkson Research (number of ships and offshore units) Indicative historical average



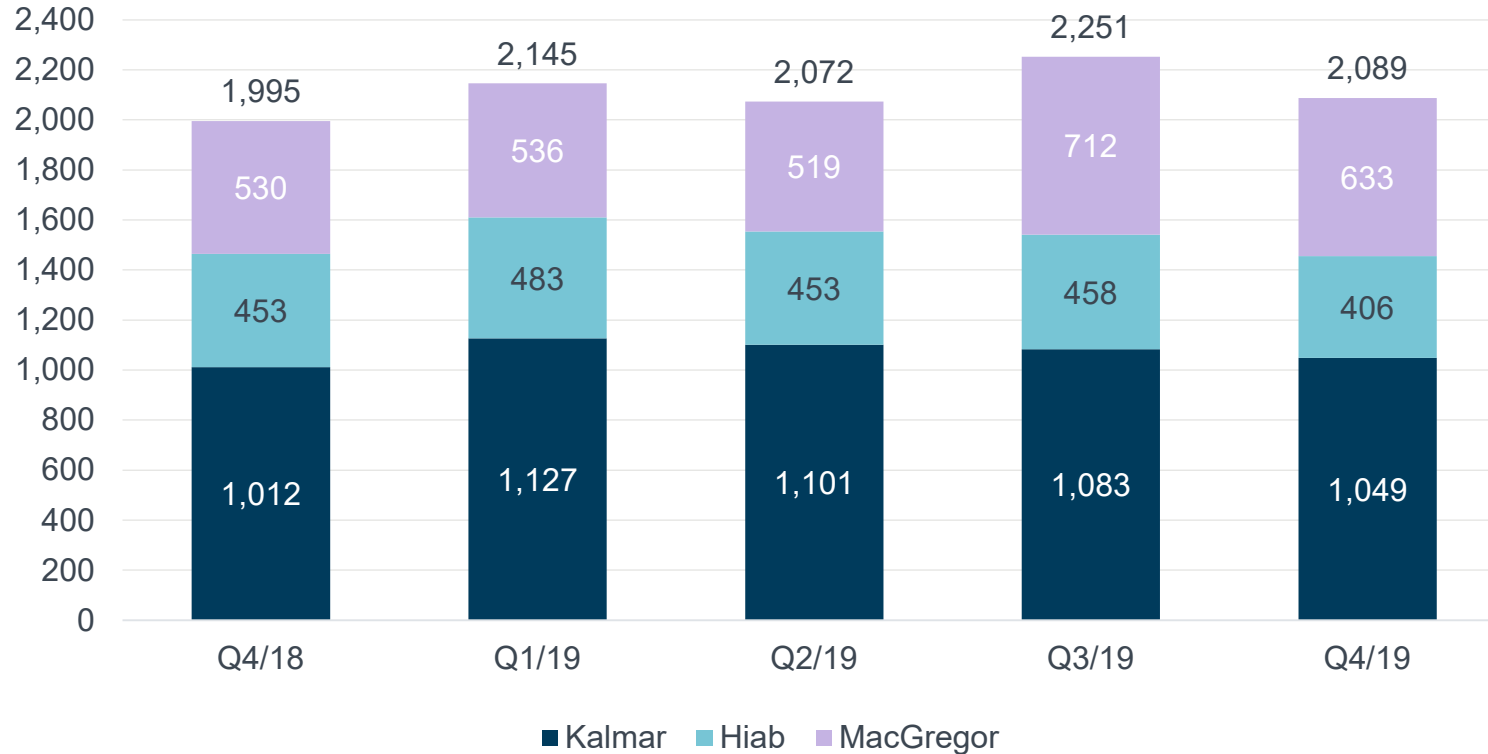
# Orders received remained at a high level in 2019



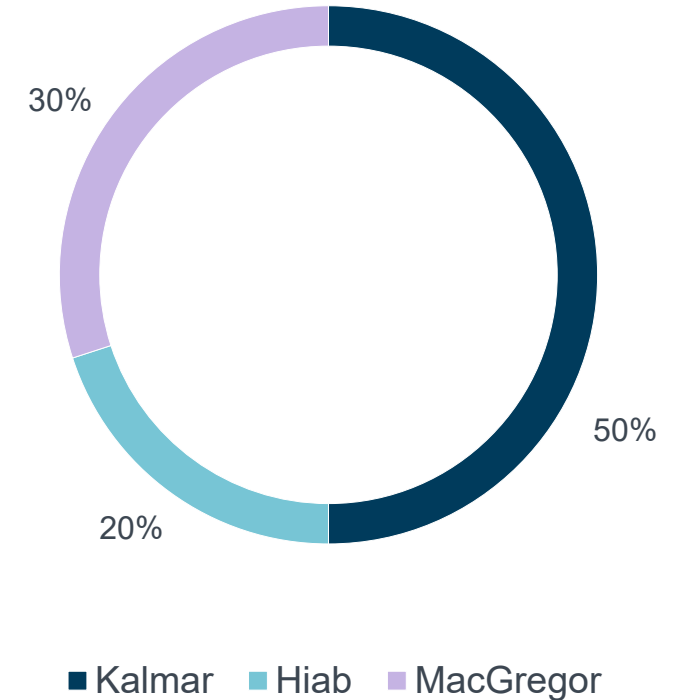
# Order book increased compared to 2018, driven by MacGregor and Kalmar

## Order book

MEUR



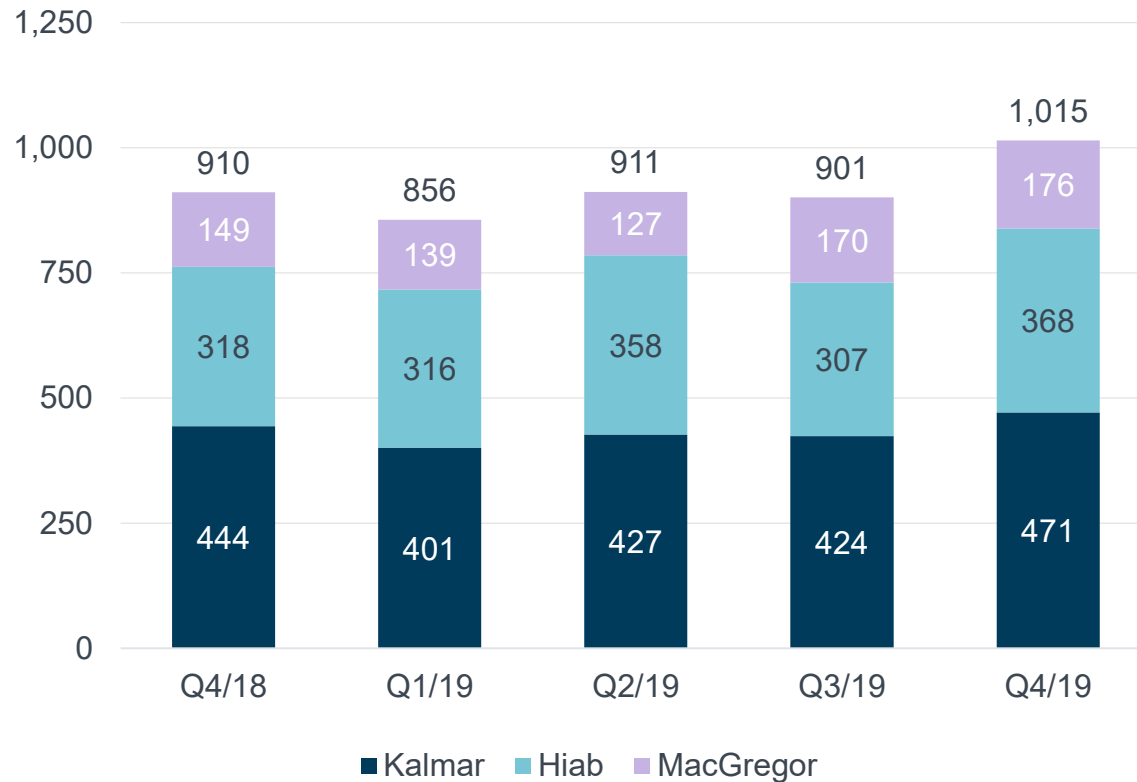
## Order book by reporting segment, Q4 2019



# Sales increased in all business areas, comparable operating profit burdened by MacGregor's weak result

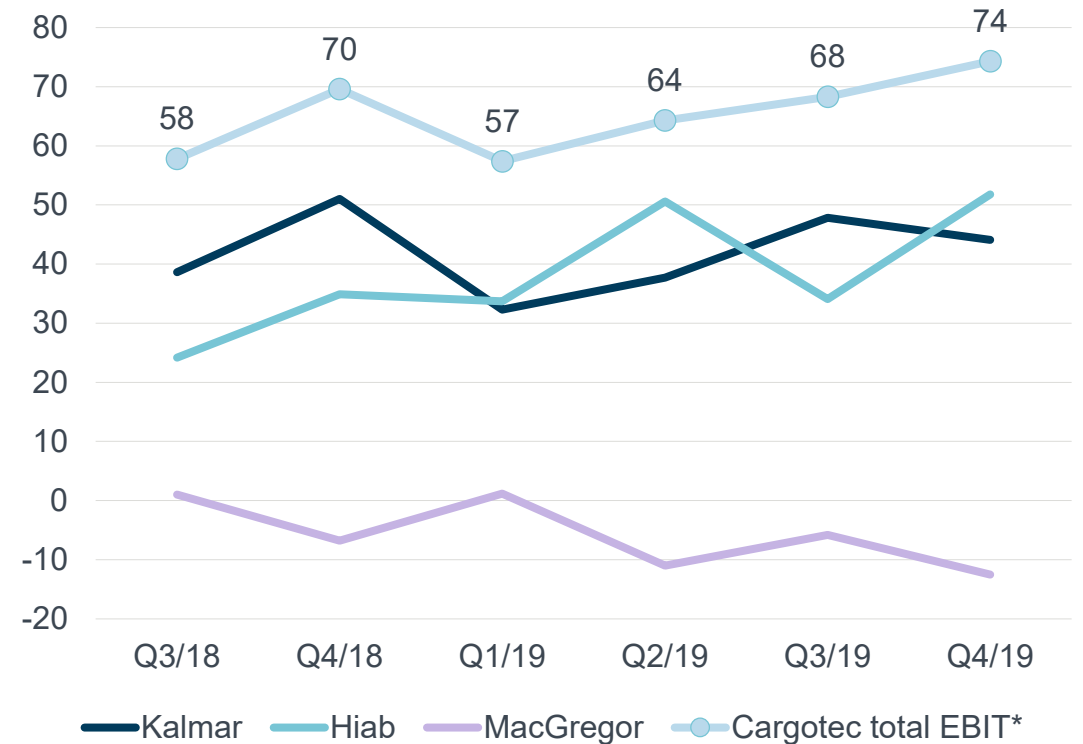
## Sales

MEUR



## Comparable operating profit

MEUR

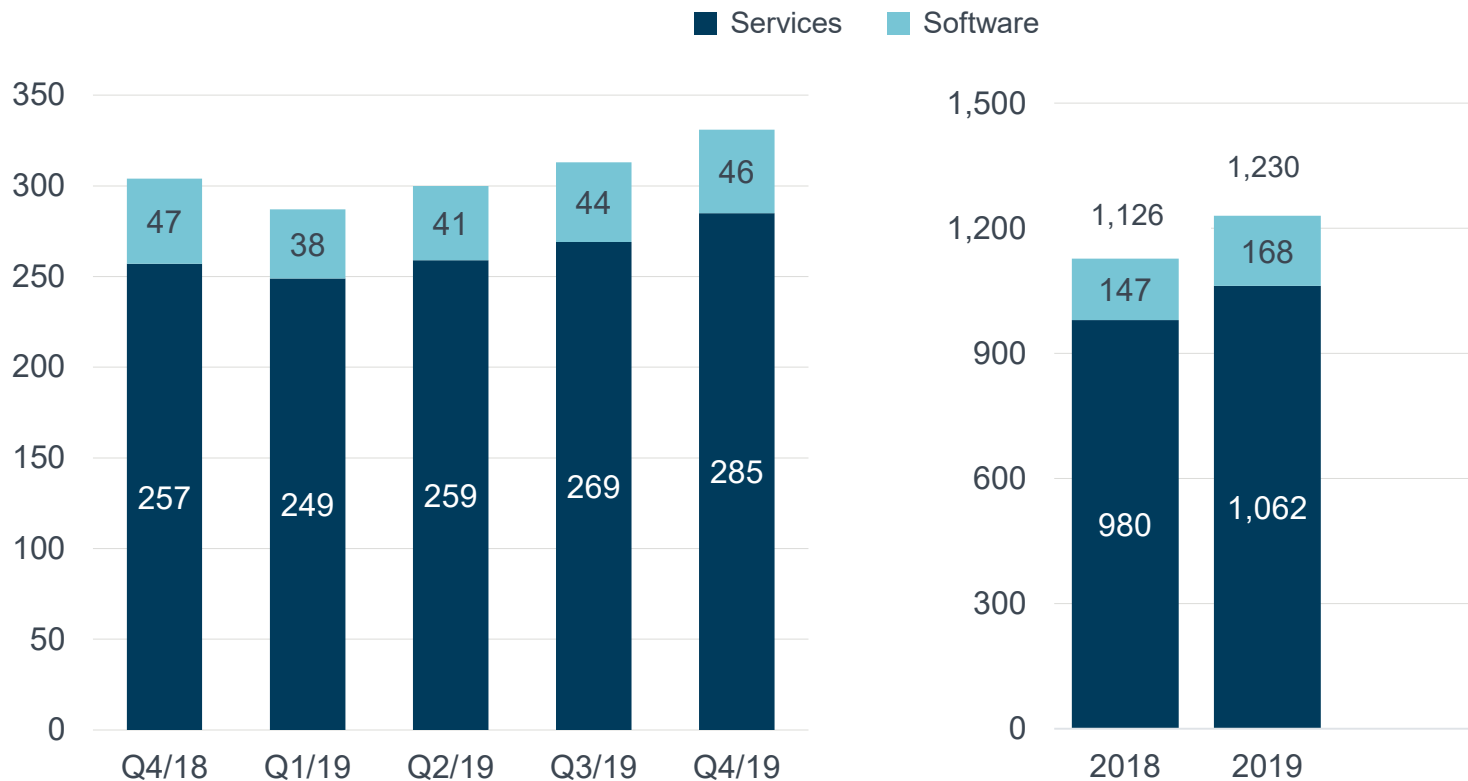


\*) Including Corporate admin and support

# Good development in service and software sales

## Service and software\* sales

MEUR



\*Software sales defined as strategic business unit Navis and automation software

2019 service sales +8%

- Kalmar +3%
- Hiab +11%
- MacGregor +15%
- Total service sales 7% in comparable FX

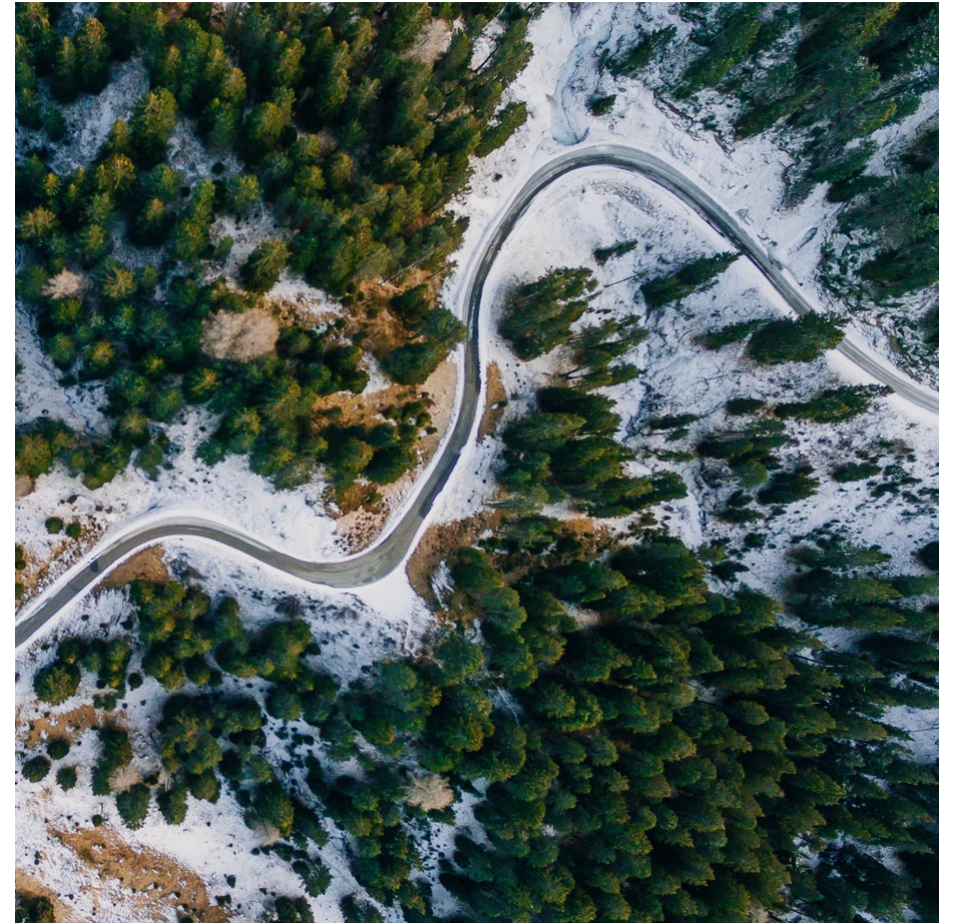
Software sales +15%

Service and software sales constituted 33% of total sales in 2019



# Cargotec to evaluate strategic options for Navis business

- Cargotec will review **alternative development paths** including new ownership structures and a potential sale of Navis business
- The aim of the strategic evaluation is to secure best possible **growth and value creation** for the next development phase for Navis
- Cargotec's investment since 2011 has enabled Navis to become the market leader in terminal operating systems (TOS), and **more than doubled revenue to EUR 115 million** in 2019
- Cargotec's other software business will not be part of the evaluation

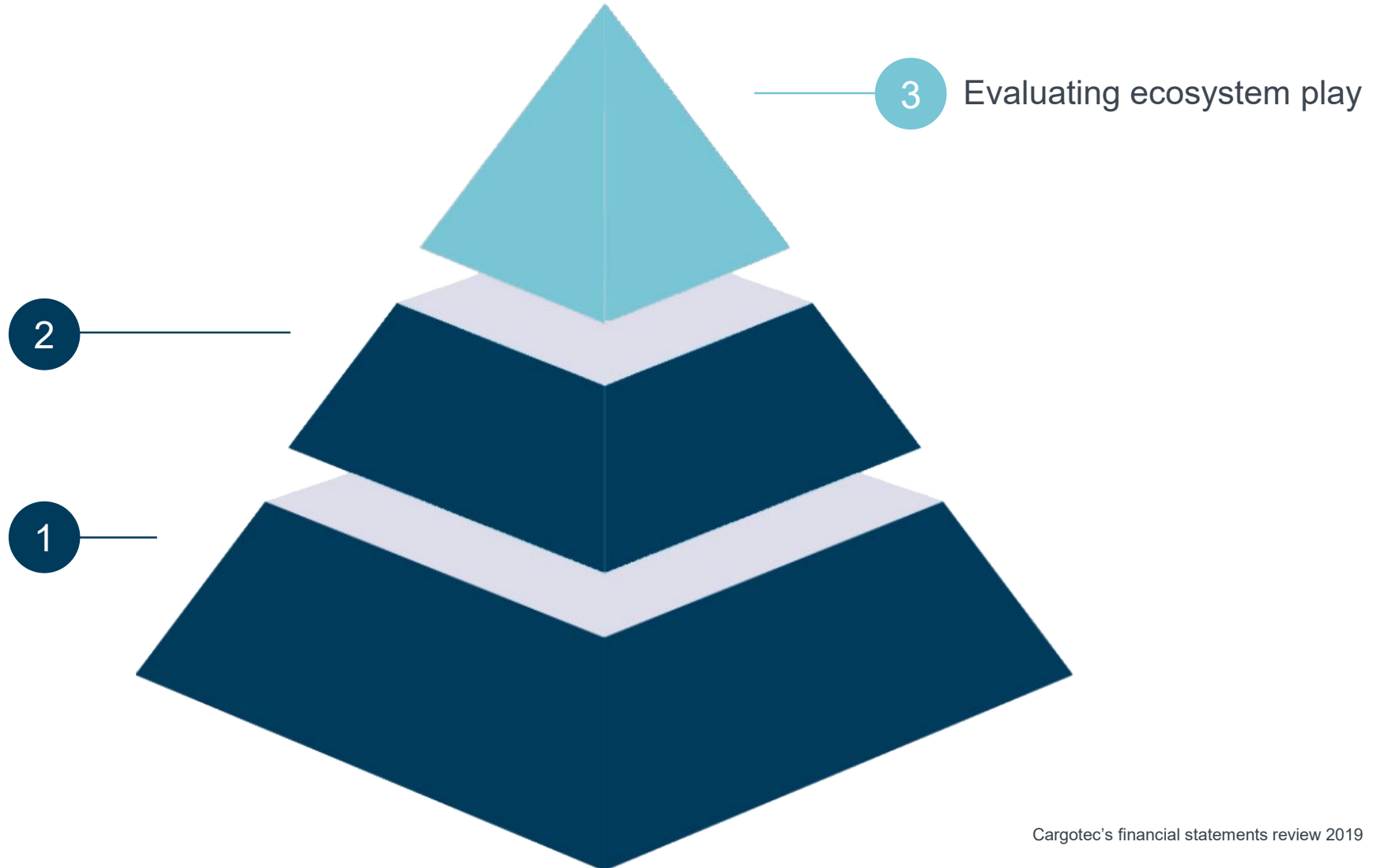


# Committed to become the leader in intelligent cargo handling – evaluating future options for value creation

Increased focus on intelligent solutions and system level optimisation.

Availability and performance-based solutions and services  
Advanced robotics

Continuous development of equipment, spare parts and maintenance services





# Business areas

Cargotec's financial statements review 2019

# Kalmar Q4 – Strong order book, profitability declined

Orders received remained stable

- Growth in automation and projects, decline in mobile equipment

Sales increased by 6%

- Services growth +6% in comparable FX

Comparable operating profit decreased due to a less profitable sales mix

MEUR	Q4/19	Q4/18	Change
Orders received	446	450	-1%
Order book	1,049	1,012	+4%
Sales	471	444	+6%
Comparable operating profit	44	51	-14%
Comparable operating profit margin	9.4%	11.5%	-214bps



# Hiab Q4 – Strong improvement in operating profit

Order backlog lower as supply chain normalised

- 10% decline in orders received, coming mainly from the US and UK

Sales increased by 16%

- Across all product lines

Comparable operating profit increased due to growth in sales

MEUR	Q4/19	Q4/18	Change
Orders received	322	357	-10%
Order book	406	453	-10%
Sales	368	318	+16%
Comparable operating profit	52	35	+49%
Comparable operating profit margin	14.1%	11.0%	+310bps



# MacGregor Q4 – Loss making in Q4, service sales increased

Orders received increased by 5%

- Orders received excl. TTS -8%
- Decline in merchant, increase in offshore (+35%) and service orders (+36%)

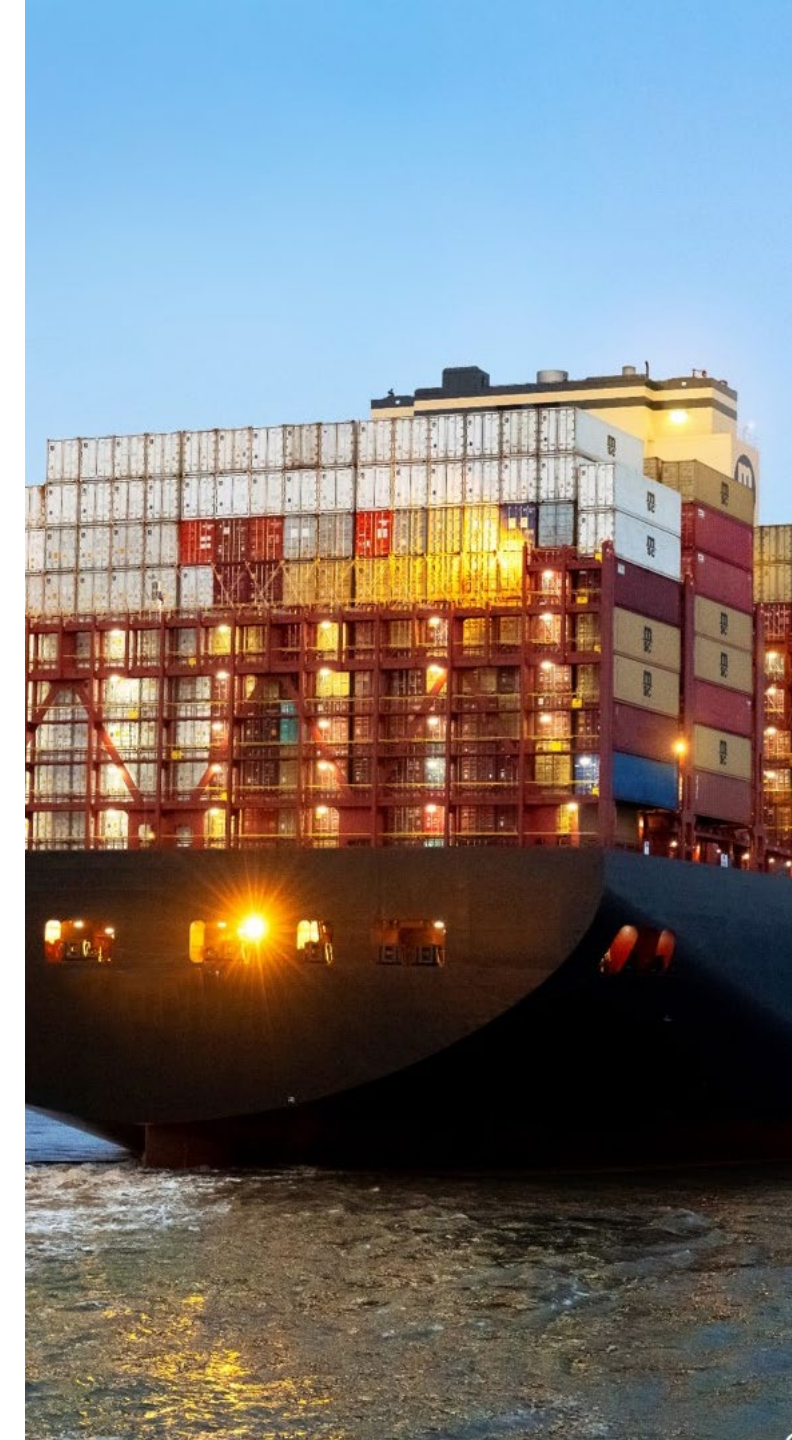
Sales increased by 18%

- Sales excl. TTS -3%
- Service sales +26%

Comparable operating profit declined

- Cost overruns in certain offshore projects, low capacity utilisation, lower sales margins
- Productivity improvements ongoing

MEUR	Q4/19	Q4/18	Change
Orders received	<b>193</b>	184	+5%
Order book	<b>633</b>	530	+20%
Sales	<b>176</b>	149	+18%
Comparable operating profit	<b>-13</b>	-7	-84%
Comparable operating profit margin	<b>-7.1%</b>	-4.6%	-255bps



# Planned MacGregor cost savings

The potential cost savings in 2020 are estimated to be around EUR 15 million

Potential cost savings from the TTS integration

- EUR ~12 million in 2020
- EUR ~10 million in 2021
- EUR ~5 million in 2022–2024

TTS integration cost synergy components

- Roles/Positions
- Facilities
- Supply chain



# Financials, dividend and outlook

Cargotec's financial statements  
review 2019





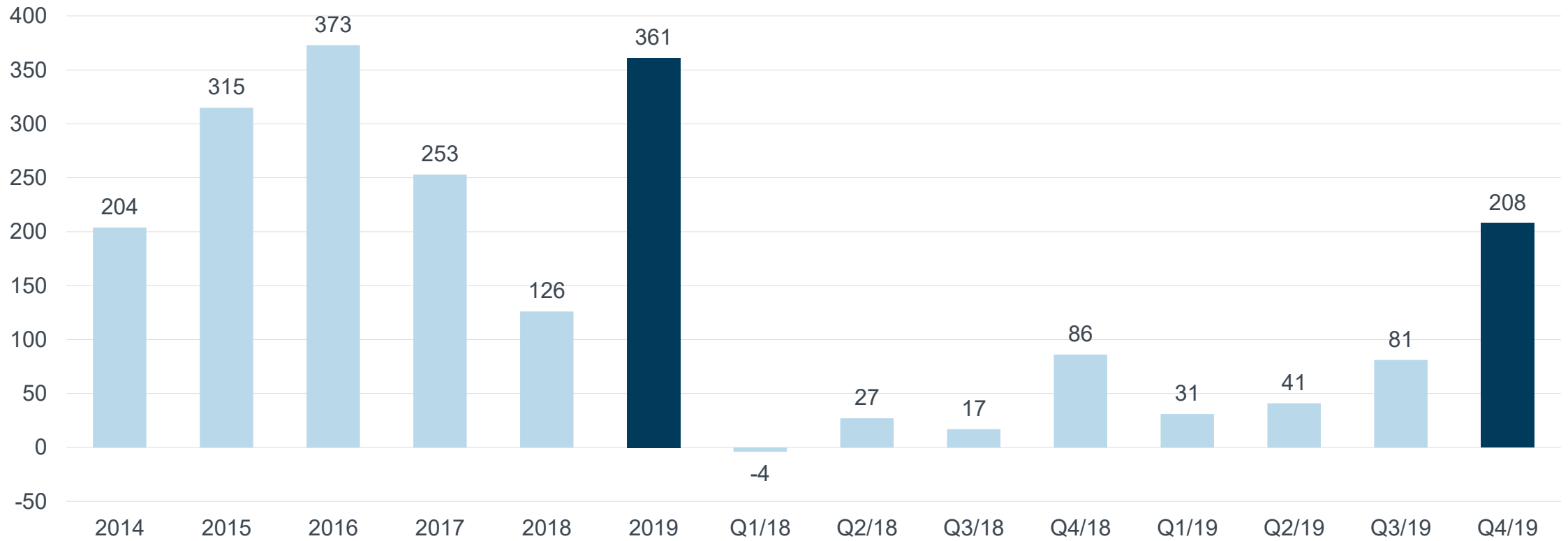
# Key figures – EPS burdened by restructuring costs

	10-12/19	10-12/18	Change	2019	2018	Change
Orders received, MEUR	<b>962</b>	991	-3%	<b>3,714</b>	3,756	-1%
Order book, MEUR	<b>2,089</b>	1,995	+5%	<b>2,089</b>	1,995	+5%
Sales, MEUR	<b>1,015</b>	910	+12%	<b>3,683</b>	3,304	+11%
Comparable operating profit, MEUR	<b>74</b>	70	+7%	<b>264</b>	242	+9%
Comparable operating profit, %	<b>7.3%</b>	7.7%		<b>7.2%</b>	7.3%	
Items affecting comparability, MEUR	<b>-56</b>	-9	< -100%	<b>-84</b>	-52	-62%
Operating profit, MEUR	<b>18</b>	61	-70%	<b>180</b>	190	-5%
Operating profit, %	<b>1.8%</b>	6.7%		<b>4.9%</b>	5.8%	
Net income, MEUR	<b>-0</b>	34	<- 100%	<b>89</b>	108	-17%
Earnings per share, EUR	<b>-0.00</b>	0.53	<- 100%	<b>1.39</b>	1.66	-16%
Earnings per share, EUR*	<b>0.51</b>	0.62	-16%	<b>2.19</b>	2.33	-6%

# Cash flow improved significantly

## Cash flow from operations before financing items and taxes

MEUR



# Strong financial position

## Interest-bearing net debt EUR 774 million (31 Dec 2018: 625)

- Average interest rate\* 1.8% (2.1%)
- Net debt/EBITDA 2.5 (2.3)
- Net debt/EBITDA 1.9 excluding IFRS 16

## Net debt and gearing increased mainly due to IFRS 16

- Gearing without IFRS 16 approximately 41%

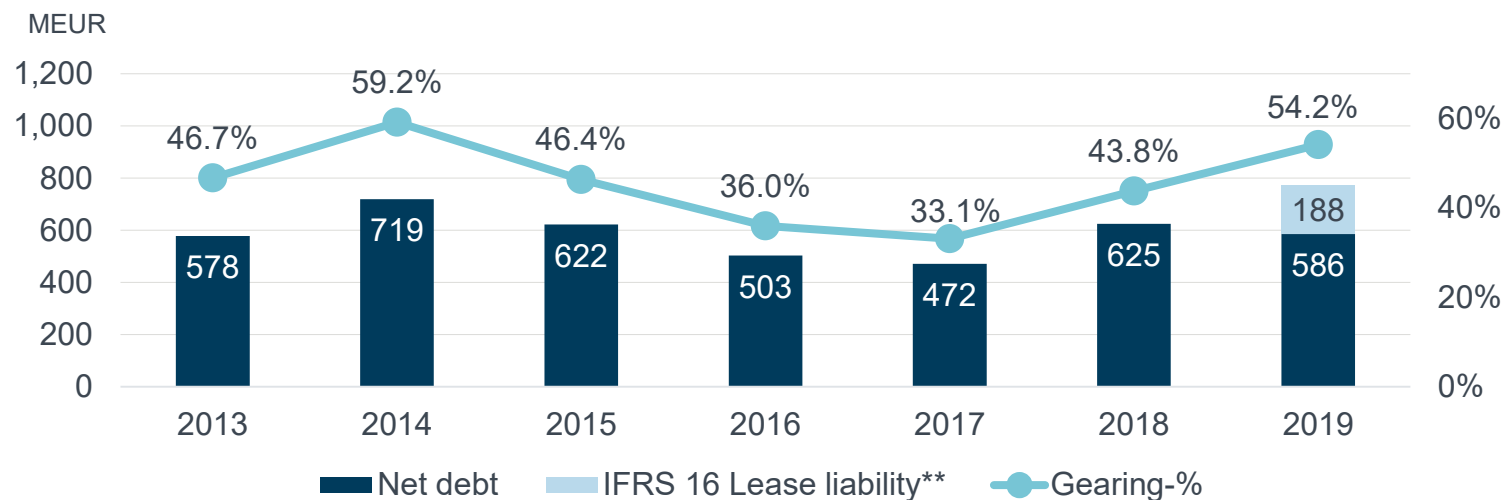
## Total shareholders' equity EUR 1,427 million (1,429)

- Equity/total assets 36.4% (40.9%)

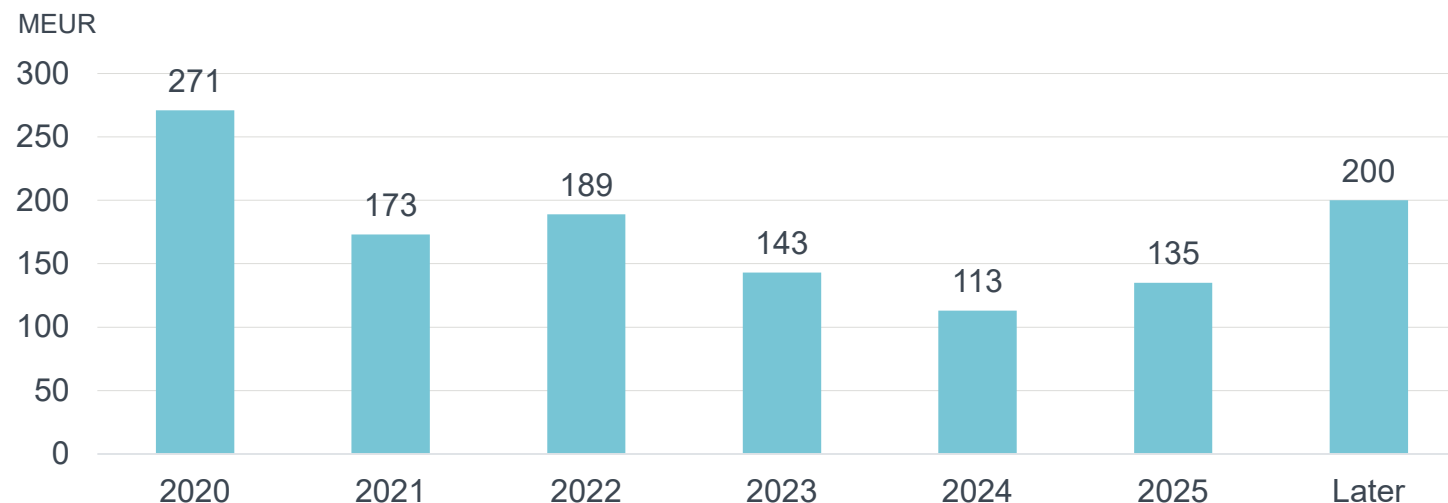
## Balanced maturity profile

- EUR 271 million maturing in 2020
- Two bonds issued in September 2019 (aggregate amount EUR 250 million) to prepare for 2020 re-payments

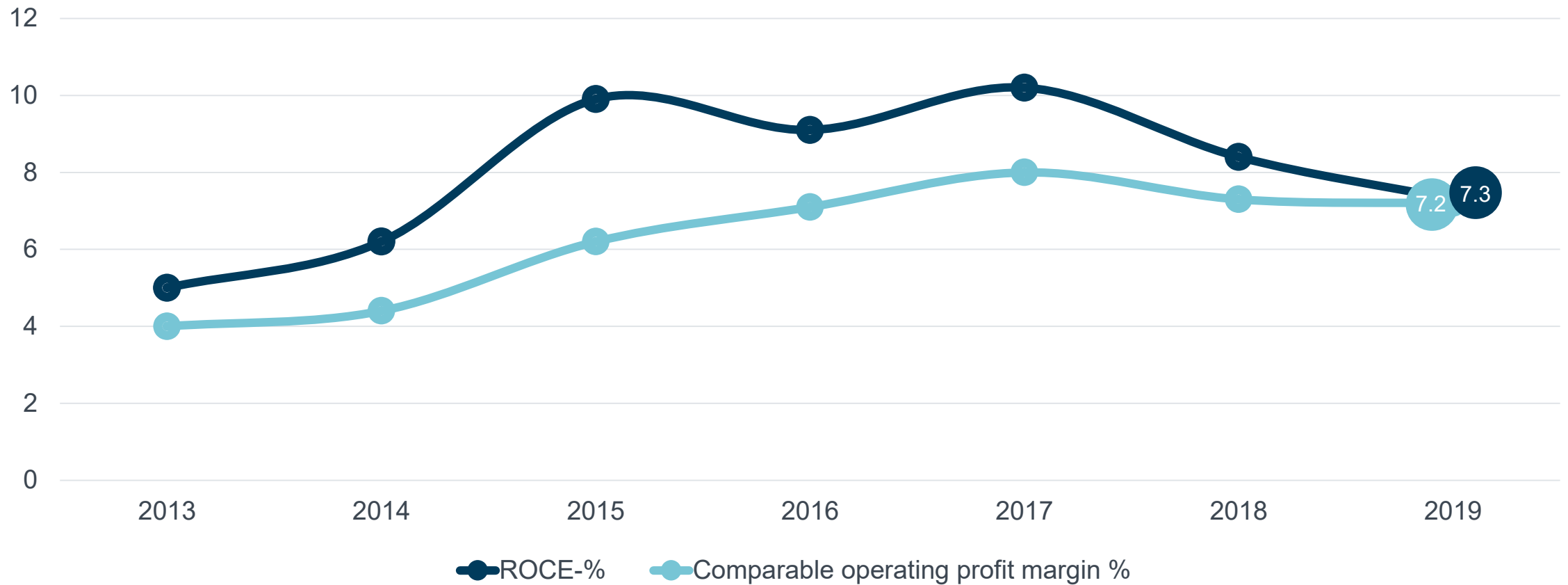
### Net debt and gearing



### Repayment schedule of interest-bearing liabilities



# ROCE decreased compared to 2018, impacted by restructuring costs



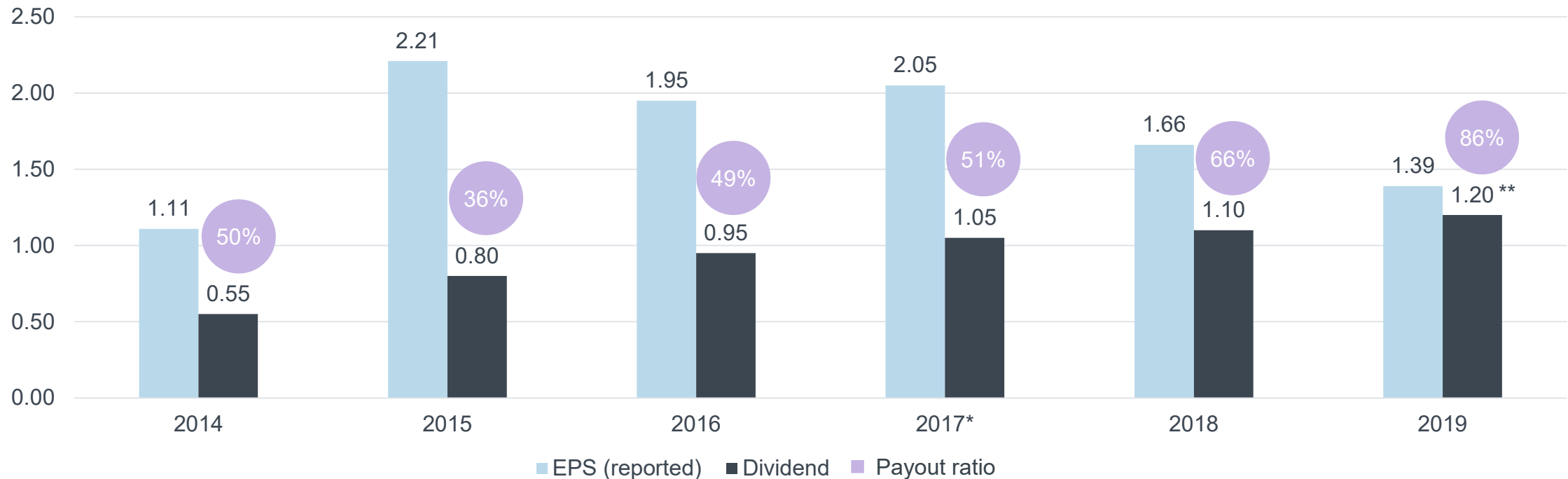
Cargotec has refined the treatment of the interest rate component of currency forward contracts in the calculation of return on capital employed. As a result, the return on capital employed increased by 0.4 percentage points in 2018, 0.5 percentage points in 2017, 0.3 percentage points in 2016, and 0.1 percentage points in 2015. The figures for earlier years have not been restated.

# Dividend continues to increase\*\*

**EUR 1.20 dividend per B share for 2019\*\***

Dividend to be paid in two EUR 0.60 instalments\*\*

Calculated from EPS excl. items affecting comparability, payout ratio for 2019 is 55%



# Assumptions for 2020

## MacGregor

- MacGregor's comparable operating profit is expected to increase from 2019
- EUR 15 million cost savings



## Productivity improvements in all business areas and corporate



## Service business is expected to grow

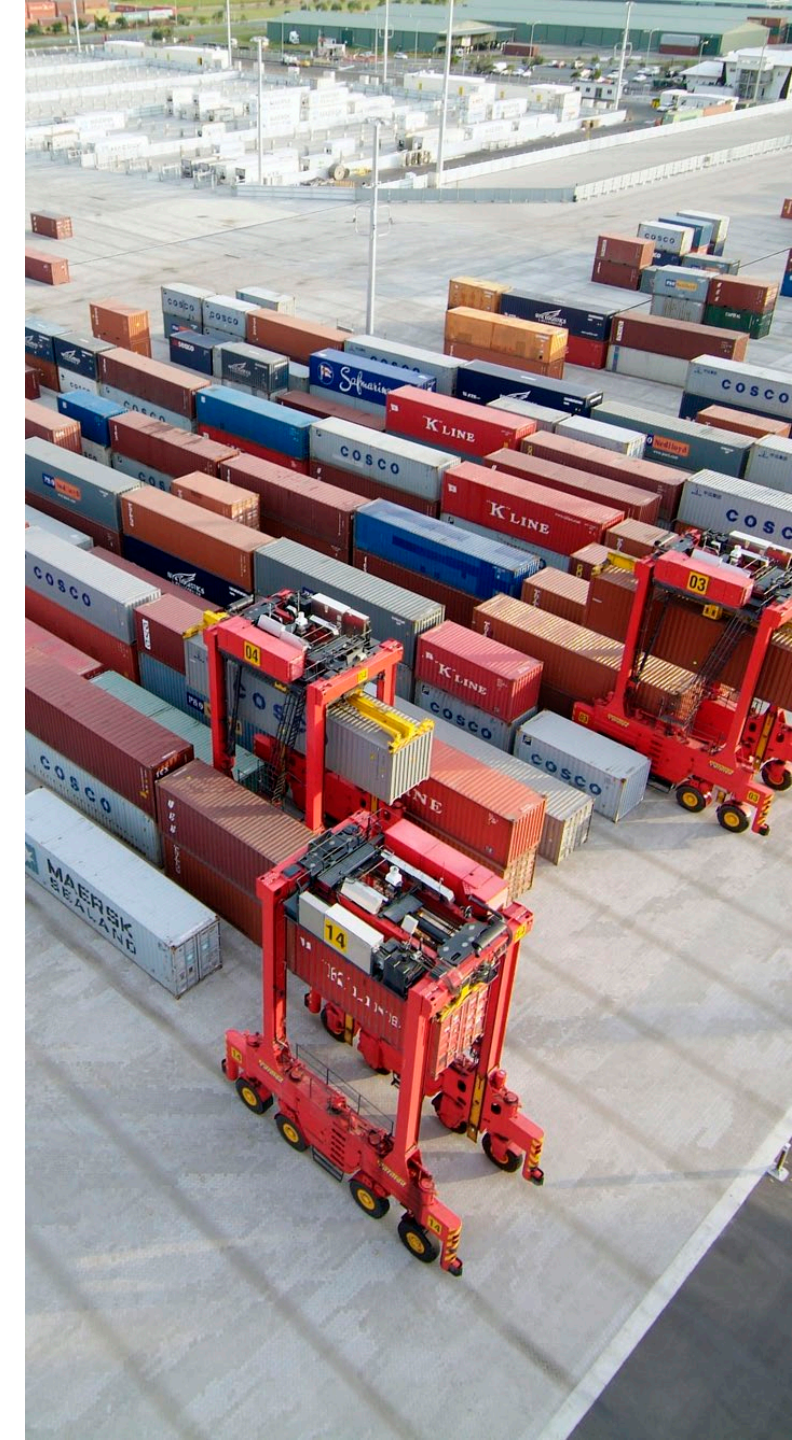


## Market visibility – uncertain demand

- Kalmar mobile equipment
- Hiab

## Restructuring

- Approximately EUR 60 million costs from ongoing programmes
- Reviews have been started which may increase or decrease the estimate





# Outlook for 2020

Cargotec expects its comparable operating profit for 2020 to improve from 2019 (EUR 264 million).

# Our next event – Meet president Stefan Lampa, Kalmar Mobile Solutions

**Topic:** Stefan Lampa, President of Kalmar Mobile Solutions, will give an update on the mobile solutions business.

**Date:** 26 February, 2020

**Location:** Helsinki, Finland

Please contact Tiina ([tiina.aaltonen@cargotec.com](mailto:tiina.aaltonen@cargotec.com)) if you are interested to participate in the event.





