

8 February 2019

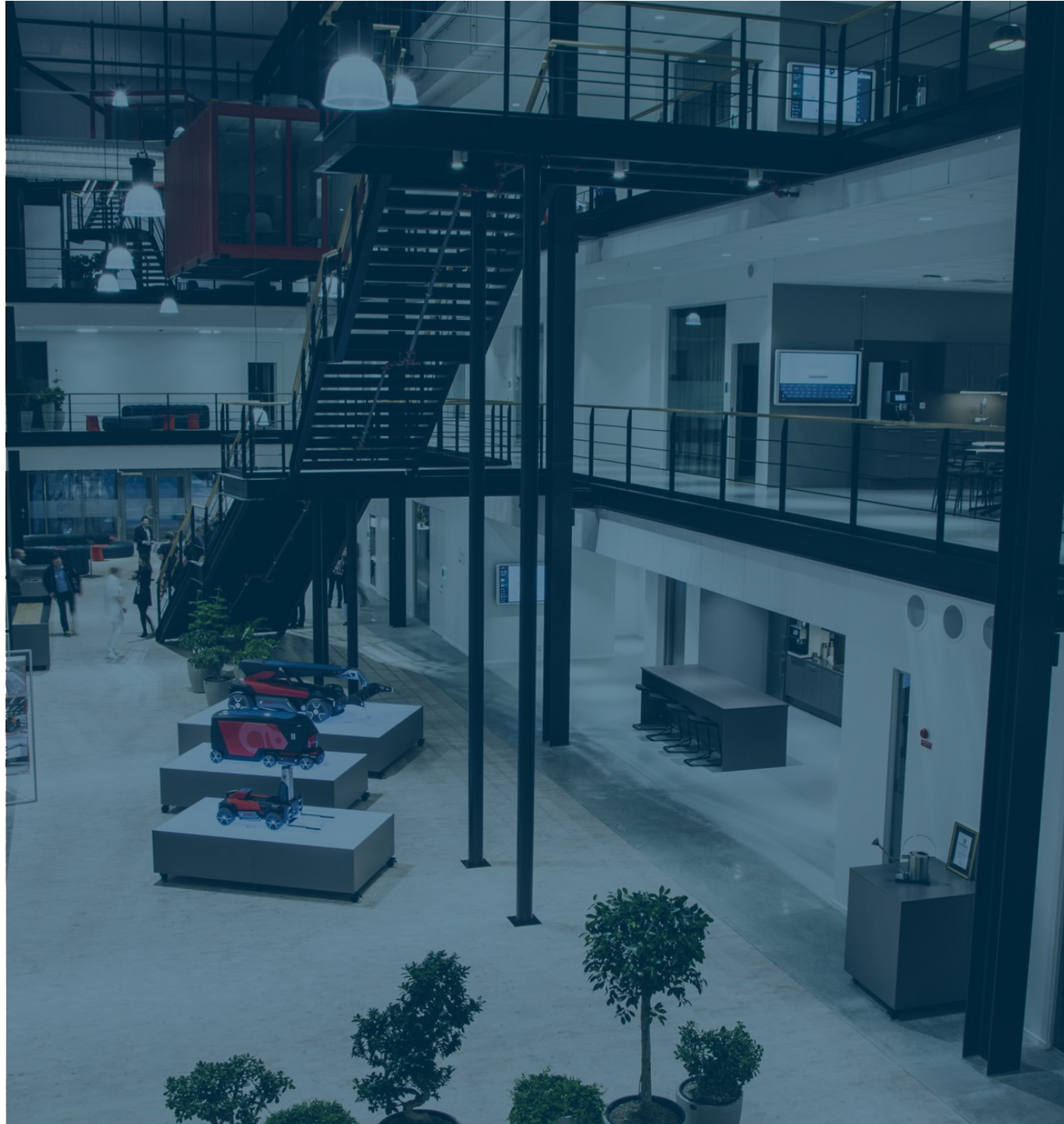
Strong year in orders received, profit below our target

Cargotec's financial statements review 2018

Mika Vehviläinen, CEO • Mikko Puolakka, CFO

Contents

1. Group level development
2. Business areas
3. Financials, dividend and outlook



Highlights of 2018 – Orders received grew in all business areas

Orders received increased 18%

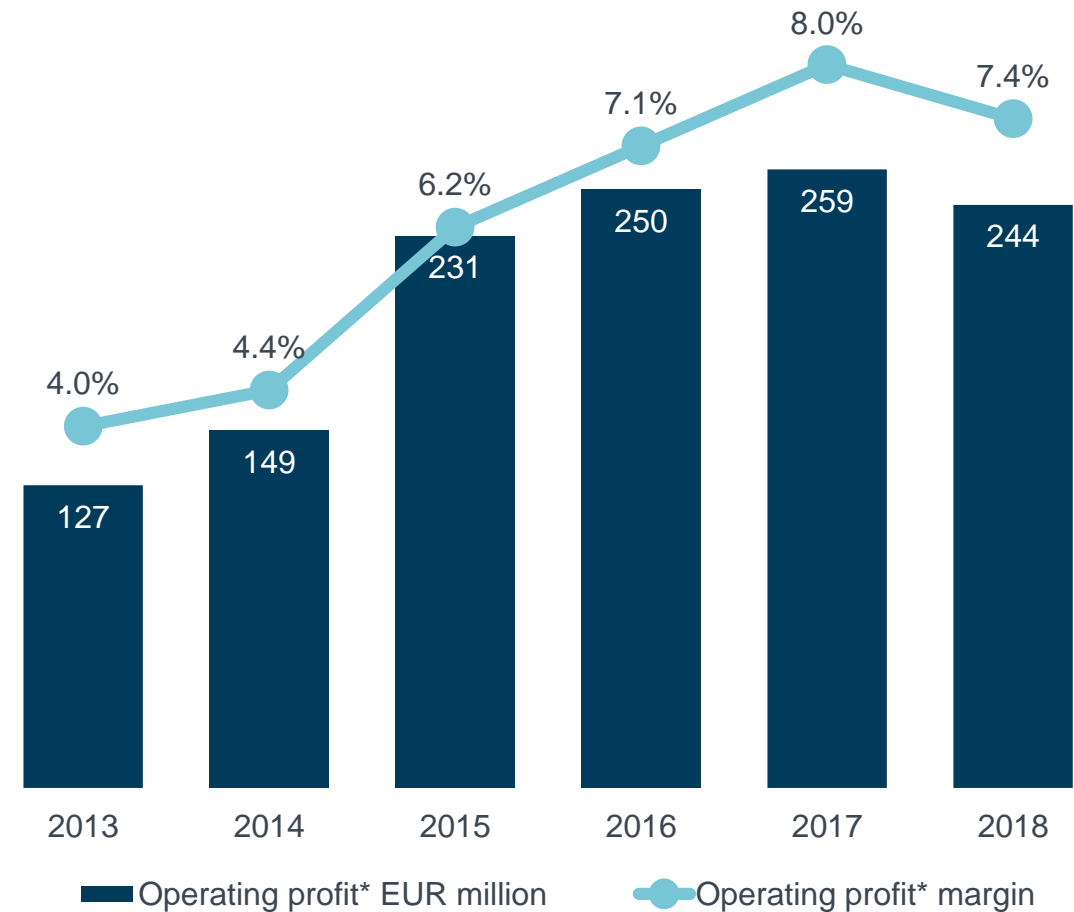
- Growth in all business areas
 - Kalmar +23%
 - Hiab +13%
 - MacGregor +11%

Sales increased 2%

- +4% in comparable FX

Operating profit* declined by 6%

- Kalmar's operating profit* increased
- Hiab burdened by FX and supply chain bottlenecks
- MacGregor at break-even



*) Excluding restructuring costs

Market environment 2018

Growth in number of containers handled at ports continued

- Customers are starting automation projects mainly with phased investments

Construction activity on good level

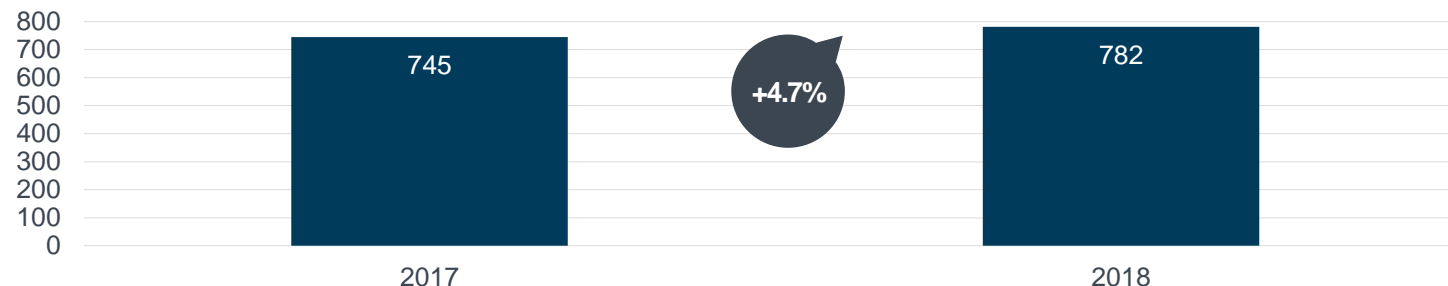
- Good development continued in Europe and the US

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

- In offshore, interest level has increased, but activity remains on a low level

Global container throughput (MTEU) – Key driver for Kalmar

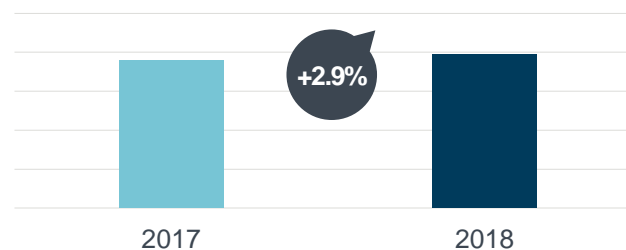
Source: Drewry



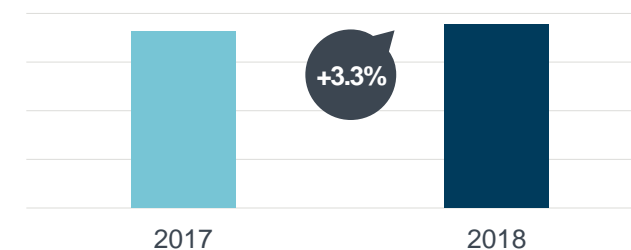
Construction output – Key driver for Hiab

Source: Oxford Economics

United States



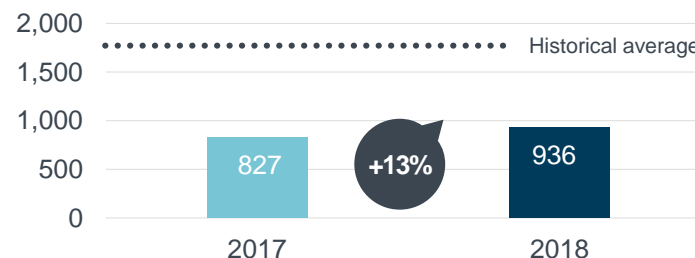
Europe



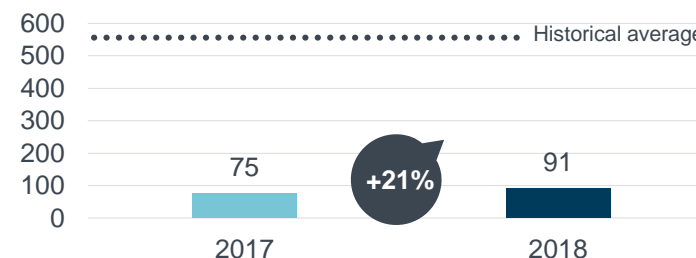
Long term contracting – Key driver for MacGregor

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

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



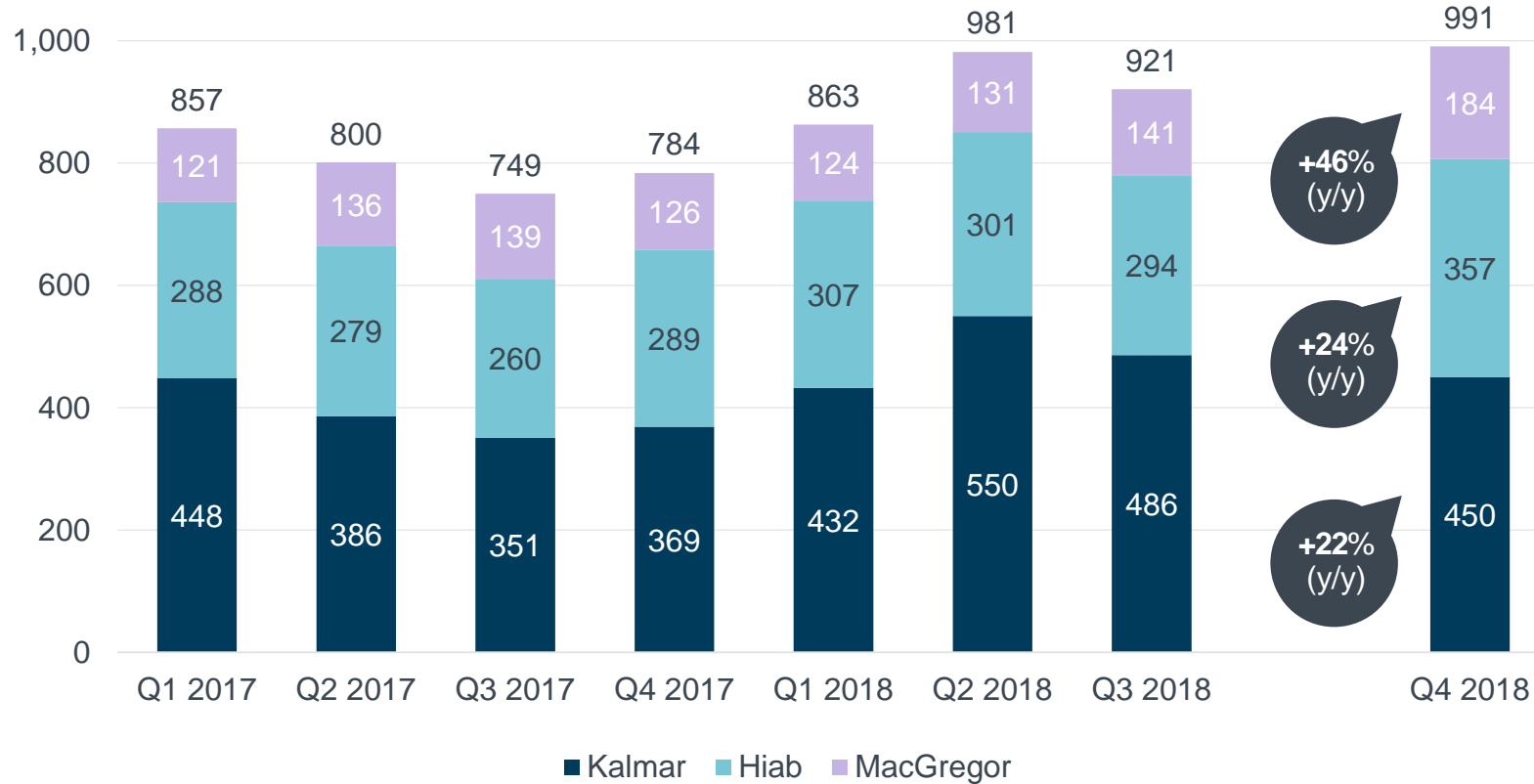
Mobile offshore units



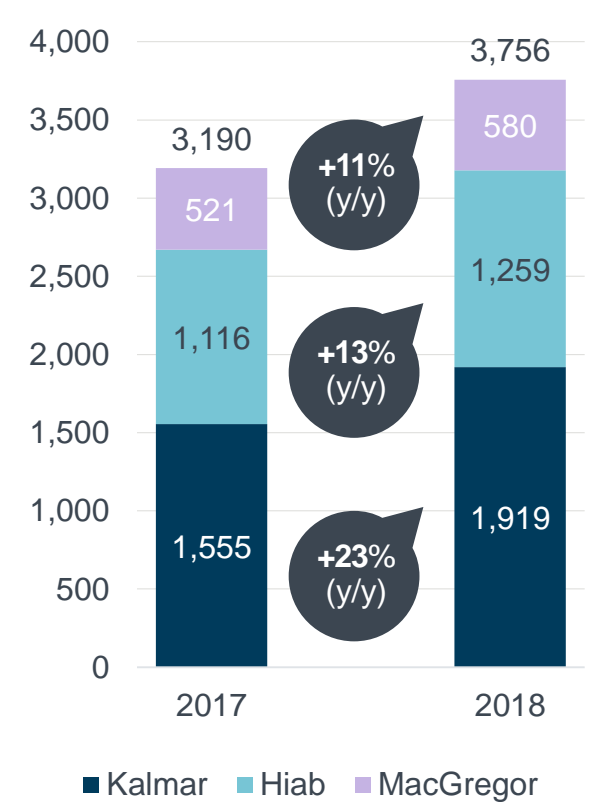
Orders received increased by 18% in 2018, growth in all business areas

Orders received

MEUR



MEUR

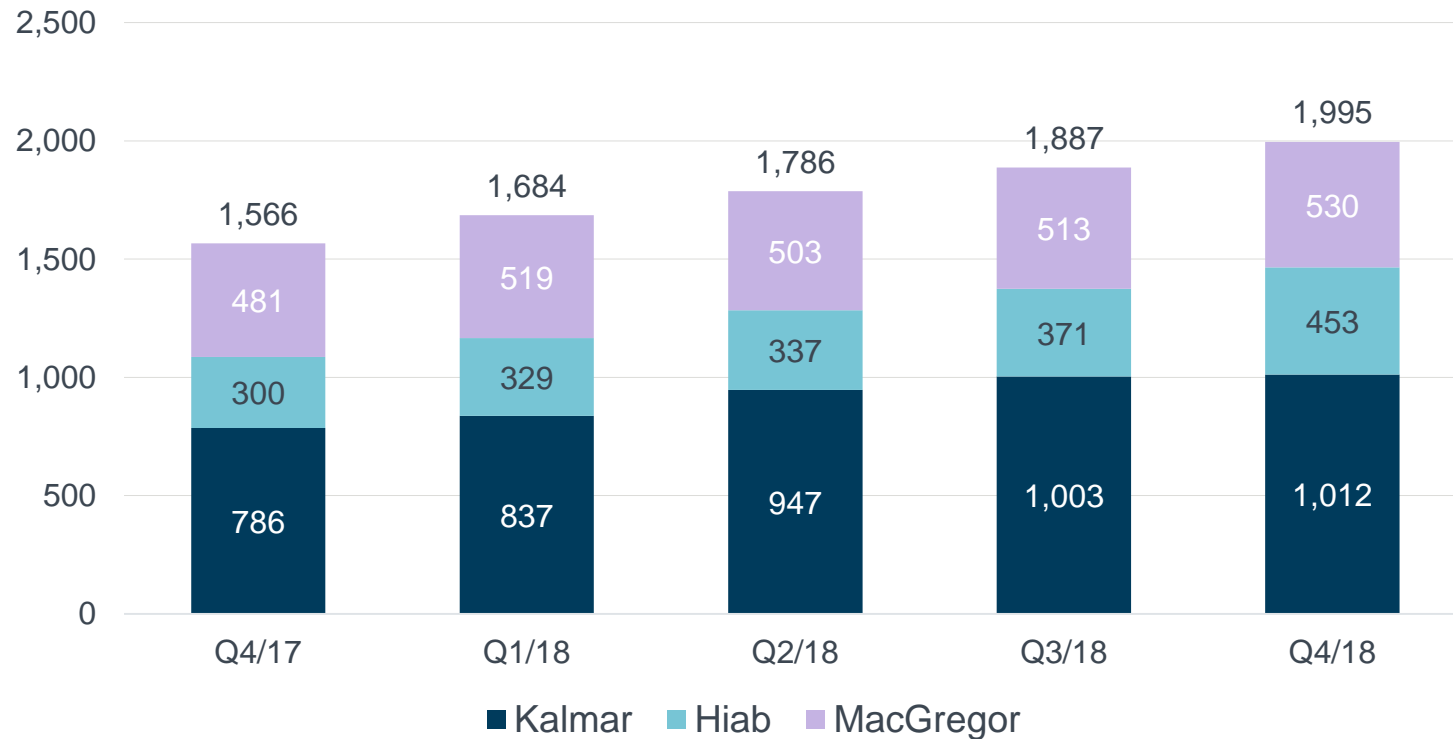


Order book 27% higher than last year

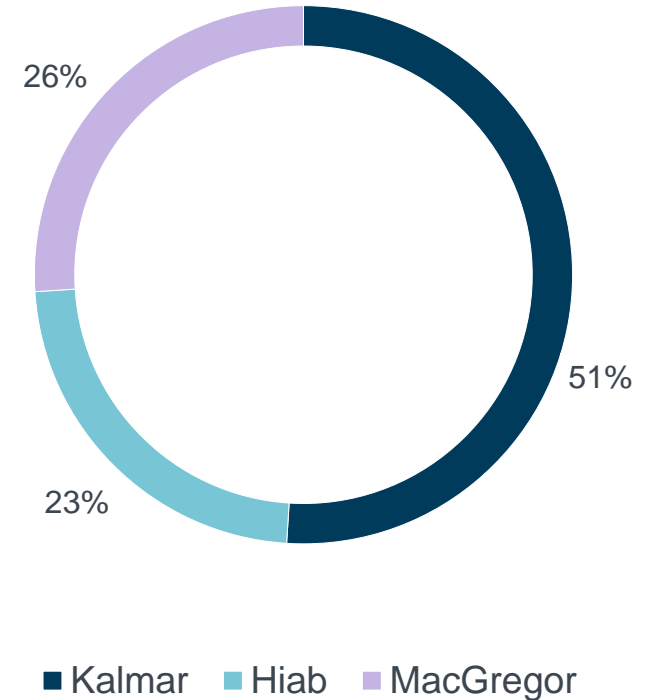
Approximately 80% of order book to be recognised as revenue in 2019

Order book

MEUR



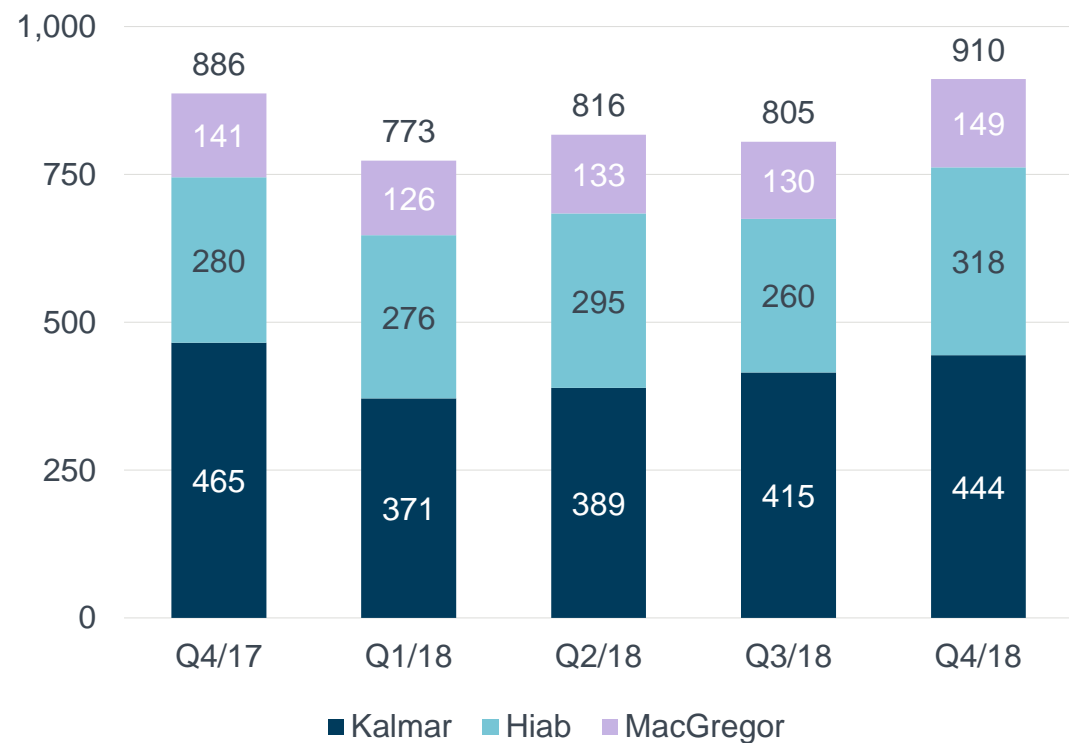
Order book by reporting segment, Q4 2018



Sales increased by 3% and operating profit* 2% in Q4 2018

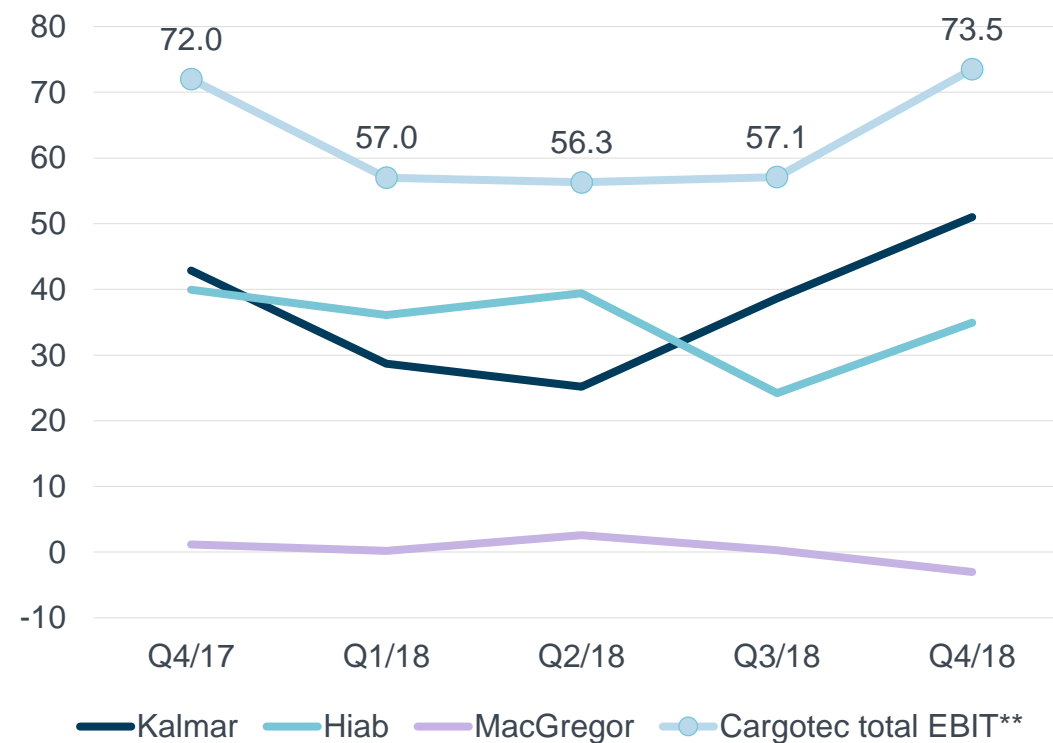
Sales

MEUR



Operating profit*

MEUR

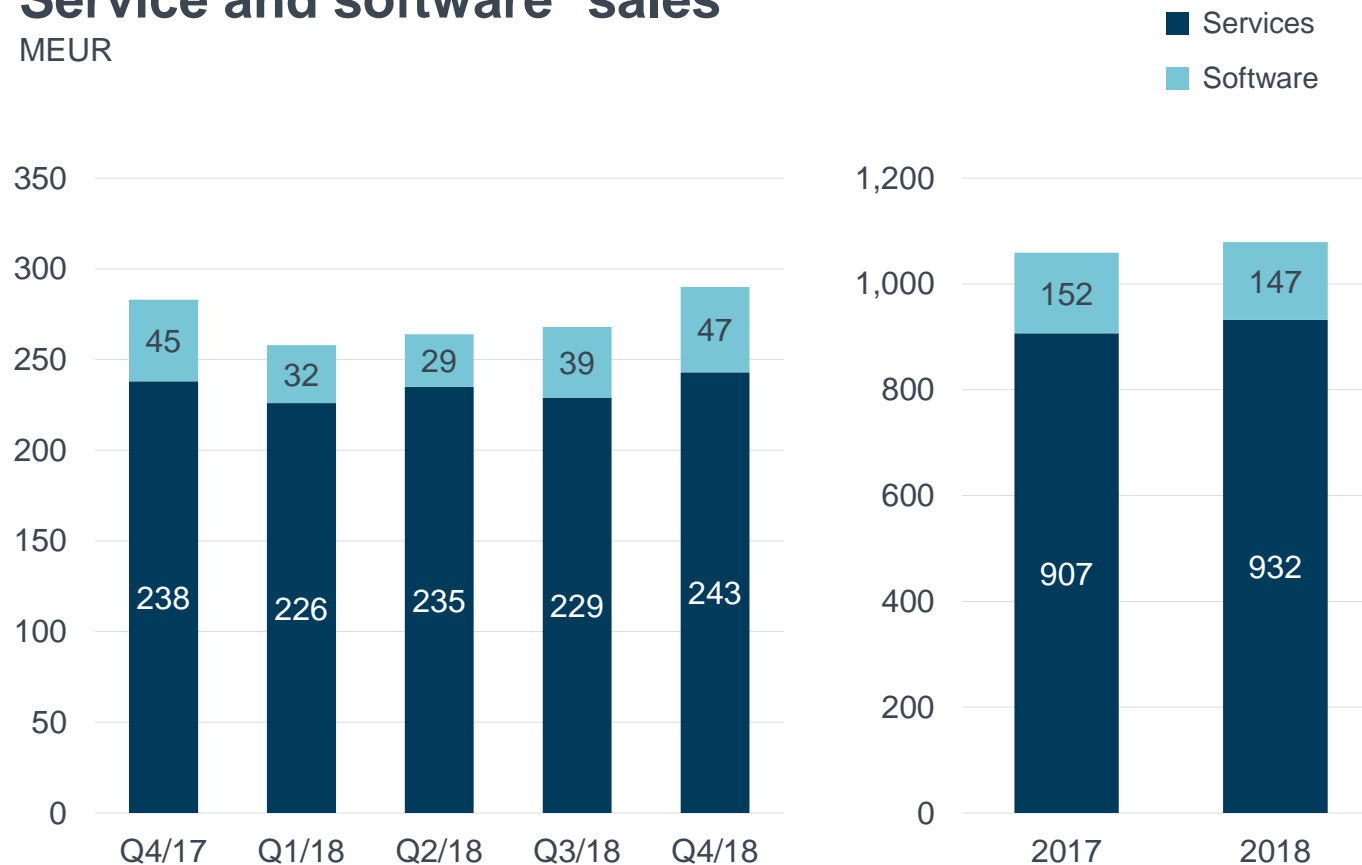


*) Excluding restructuring costs, **) Including Corporate admin and support

Growth in service sales continued

Service and software* sales

MEUR



*Software sales defined as Navis business unit and automation software

2018 service sales +3%

- Kalmar +1% (+4% in comparable FX)
 - +9% in comparable FX and adjusted for divestments
- Hiab +6% (+9%)
- MacGregor +2% (+5%)
- Total service sales +6% in comparable FX and adjusted for divestments and acquisitions

Service orders +10% in 2018

Software orders +33% in 2018

Service and software sales constitute 33% of total sales



Business areas

Cargotec's financial statements review 2018

Kalmar Q4 – Strong growth in orders received and operating profit*

Orders received increased strongly

- Service orders +15%
- Growth in all geographical areas

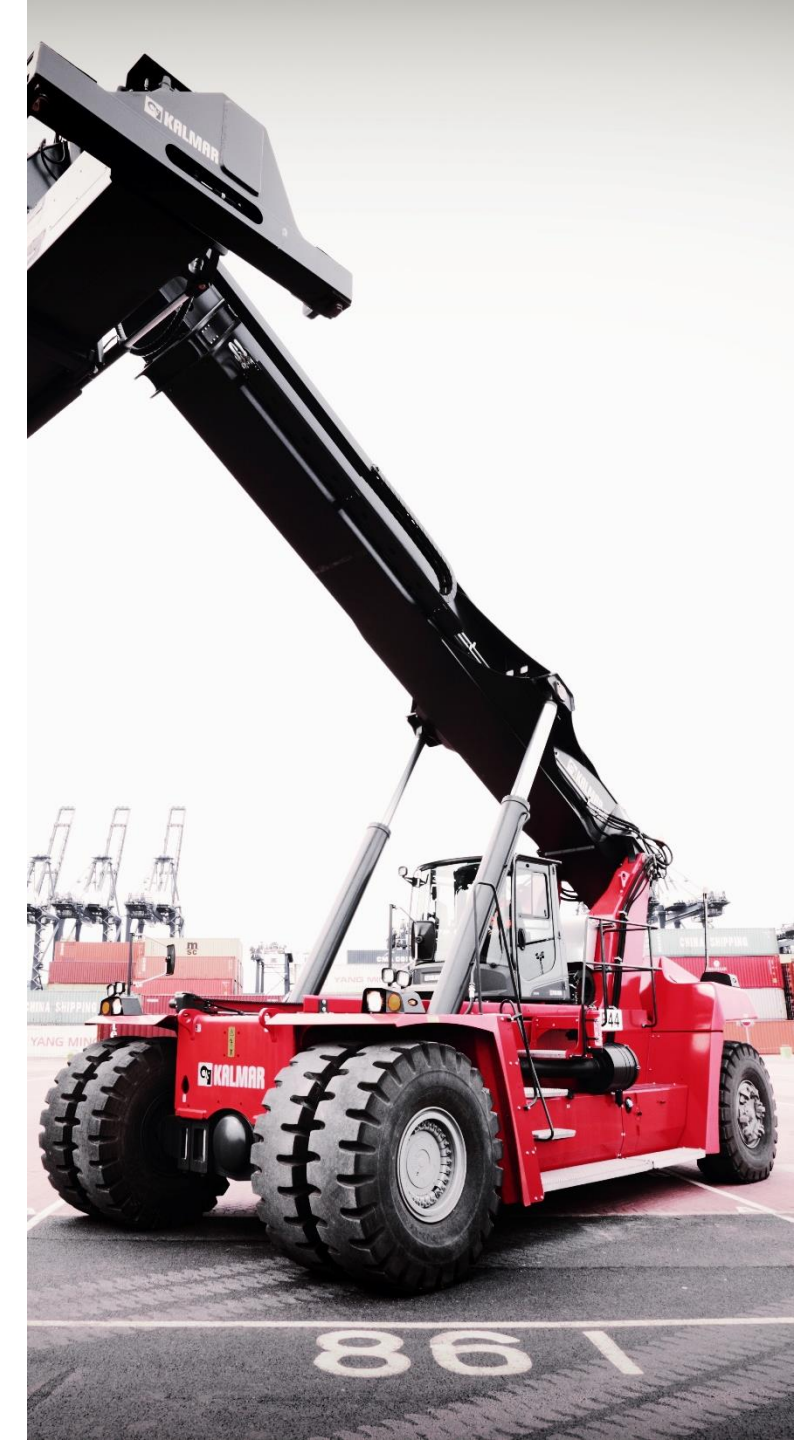
Sales declined -5%

- Negative impact from divestments
- Services growth +5% in comparable FX and adjusted for divestments and acquisitions

Profitability improved

- Increase driven by productivity and cost efficiency actions as well as more favourable business mix

MEUR	Q4/18	Q4/17	Change
Orders received	450	369	+22%
Order book	1,012	786	+29%
Sales	444	465	-5%
Operating profit*	51.0	42.8	+19%
Operating profit margin*	11.5%	9.2%	+229bps



Hiab Q4 – Operating profit* declined, demand continues strong

Orders received grew +24%

- Growth in EMEA (+21%) and Americas (+41%)
- Growth in all product lines
- Services +11%

Sales +13%

- Sales +8% excl. Effer acquisition
- Service sales +10%

Operating profit declined

- Unfavourable business mix
- Higher costs due to the continued unstable supply chain

MEUR	Q4/18	Q4/17	Change
Orders received	357	289	+24%
Order book	453	300	+51%
Sales	318	280	+13%
Operating profit*	34.9	39.9	-13%
Operating profit margin*	11.0%	14.3%	-329bps



MacGregor Q4 – Both orders received and sales increased

Orders received +46%

- Growth in EMEA and APAC
- Service orders +19%
- Major cruise access equipment orders from three European shipyards worth EUR 22 million

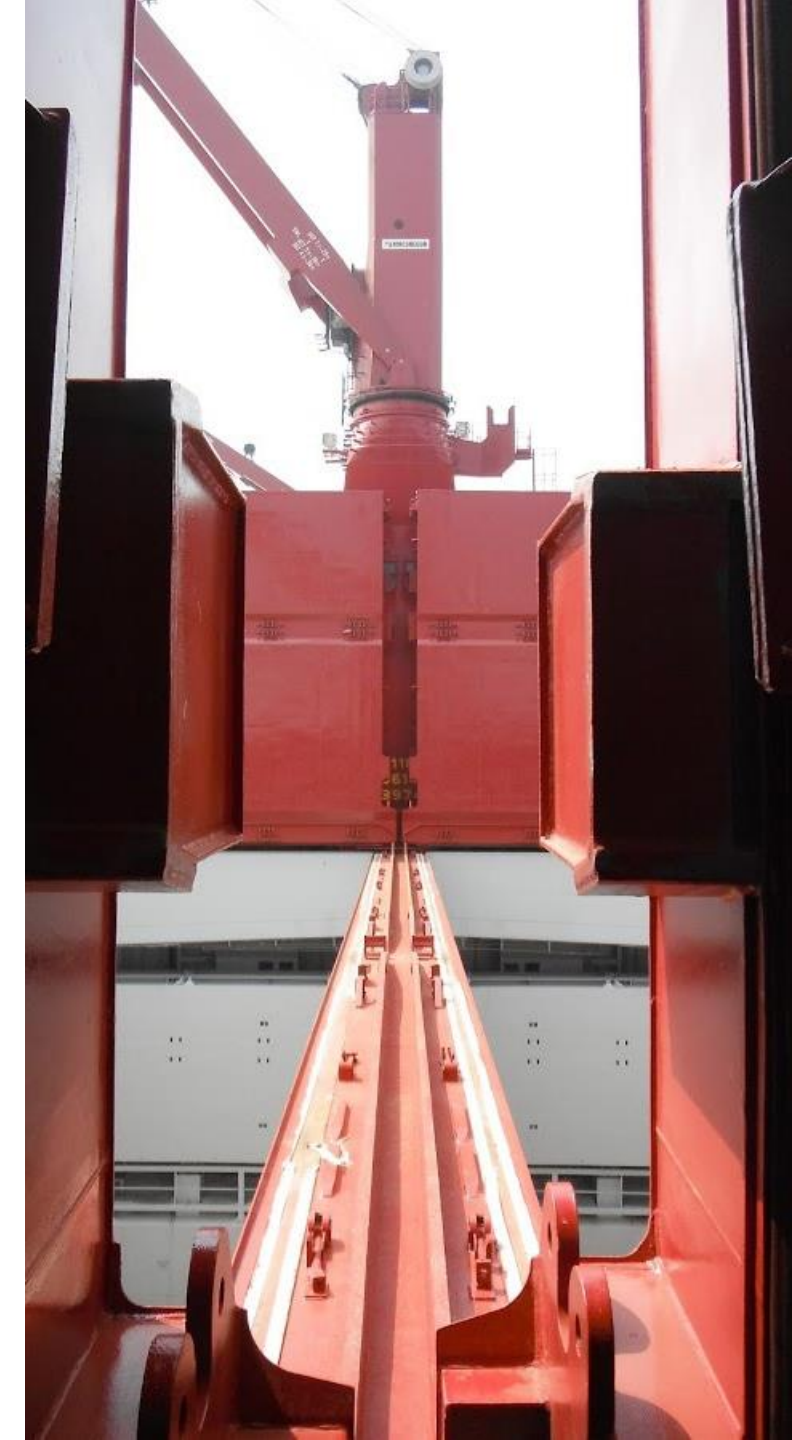
Sales +5%

- Service sales +5%

Operating profit* declined

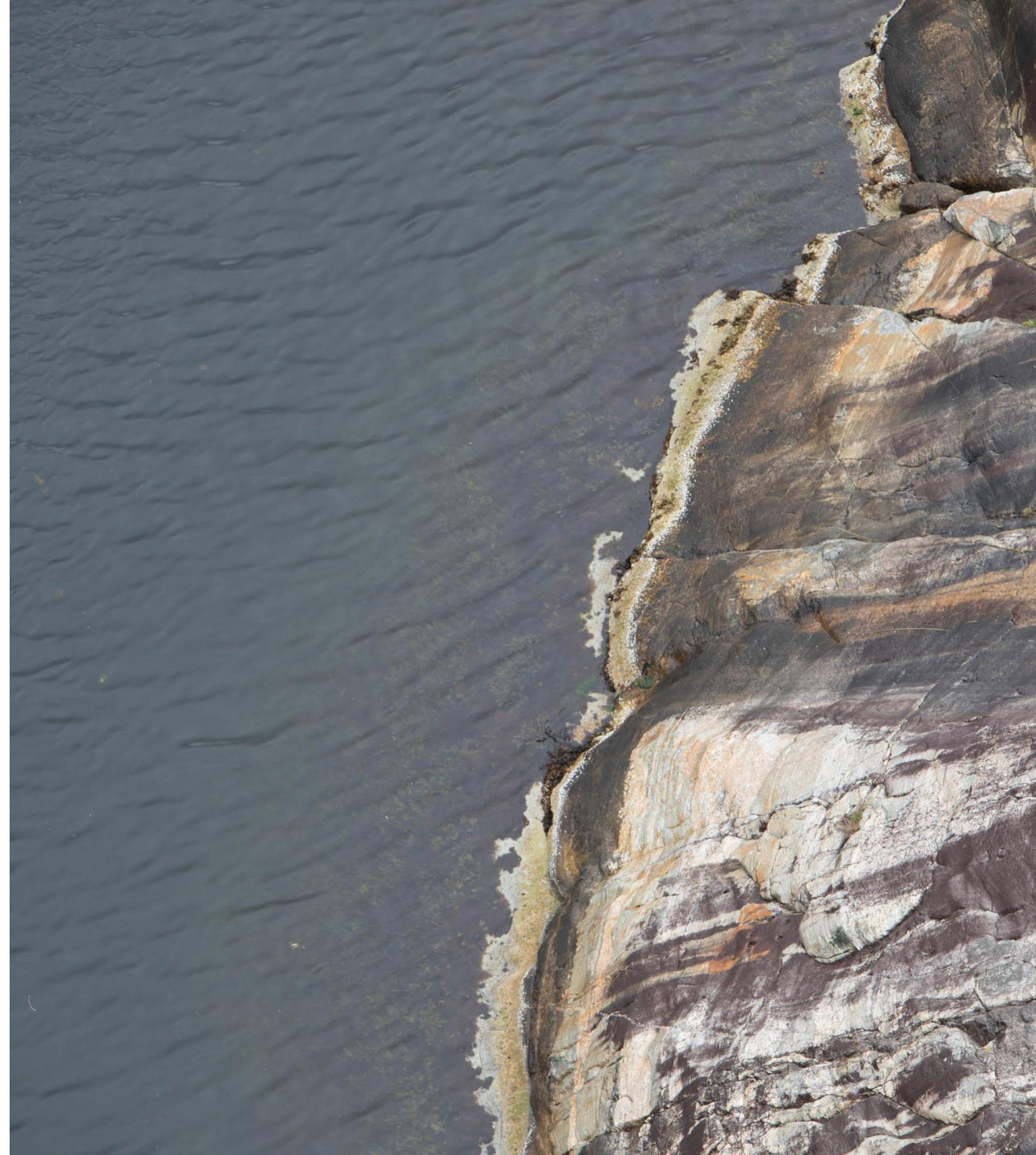
- Low capacity utilisation in certain business units
- Higher than expected project costs

MEUR	Q4/18	Q4/17	Change
Orders received	184	126	+46%
Order book	530	481	+10%
Sales	149	141	+5%
Operating profit*	-3.0	1.2	-360%
Operating profit margin*	-2.0%	0.8%	-283bps



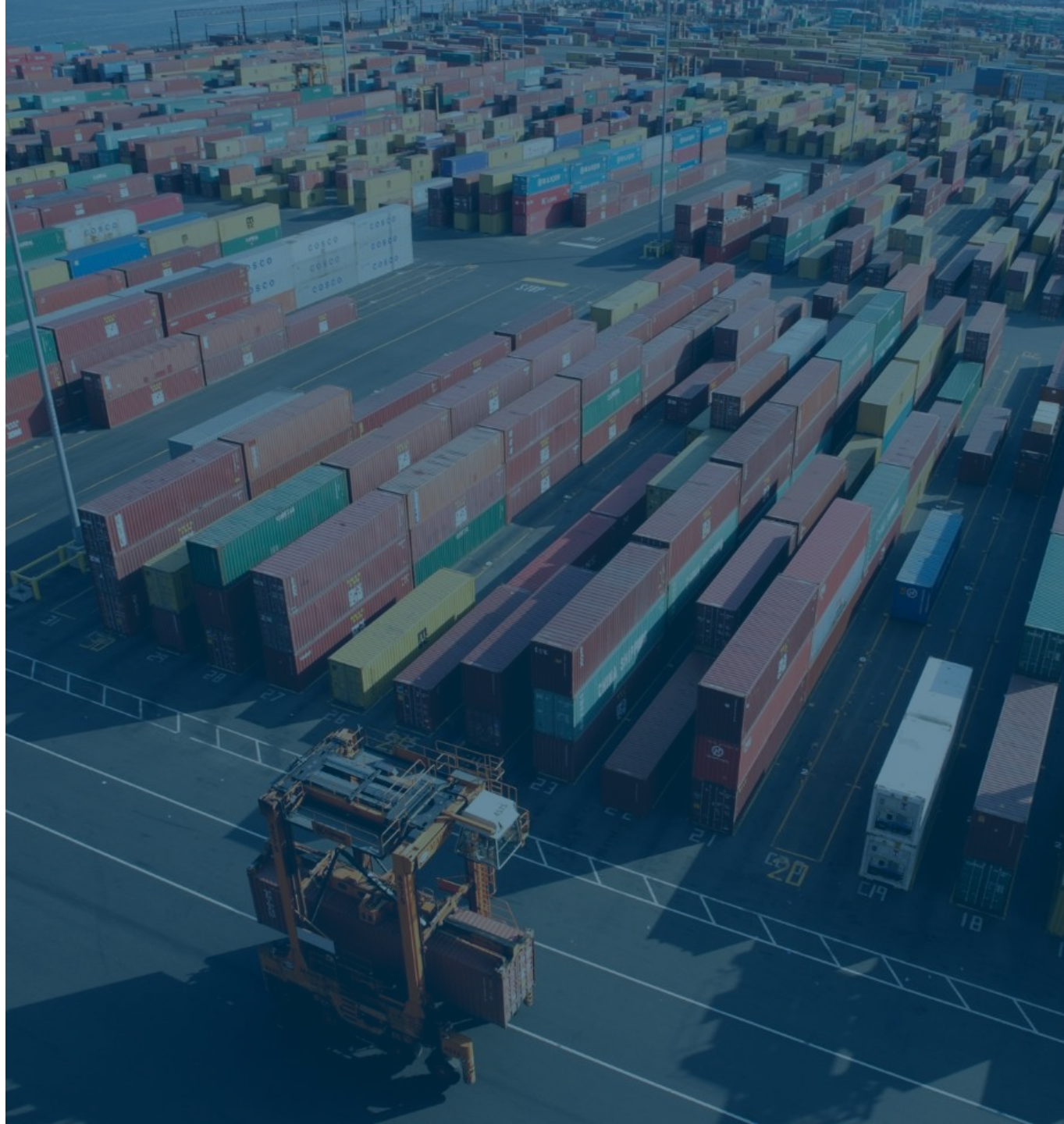
Previously announced cost savings programmes proceeding

- EUR 50 million annual group-wide savings from 2020 onwards
 - EUR 21 million cumulative savings at the end of 2018
- EUR 13 million in 2018 (MacGregor)
 - Fully realised in 2018
- EUR 13 million in 2018 (Kalmar)
 - Relocation of assembly operation completed
 - EUR 8 million savings in 2018
- Productivity improvements will continue in 2019



Financials, dividend and outlook

Cargotec's financial statements
review 2018



Key figures – Strong order intake

	10–12/18	10–12/17**	Change	2018	2017**	Change
Orders received, MEUR	991	784	+26%	3,756	3,190	+18%
Order book, MEUR	1,995	1,566	+27%	1,995	1,566	+27%
Sales, MEUR	910	886	+3%	3,304	3,250	+2%
Operating profit*, MEUR	73.5	72.0	+2%	243.8	258.6	-6%
Operating profit*, %	8.1%	8.1%	-5bps	7.4%	8.0%	-58bps
Restructuring costs, MEUR	12.5	17.2	-27%	53.8	36.5	+48%
Operating profit, MEUR	60.9	54.7	+11%	190.0	222.1	-14%
Operating profit, %	6.7%	6.2%	+53bps	5.8%	6.8%	-108bps
Net income, MEUR	34.1	27.7	+23%	108.0	132.7	-19%
Earnings per share, EUR	0.53	0.42	+25%	1.66	2.05	-19%
Earnings per share, EUR***	0.66	0.61	+9%	2.35	2.45	-4%

*) Excluding restructuring costs

***) Year 2017 figures have been restated according to IFRS 15

***) Excluding restructuring costs adjusted with related tax effect

Operating profit* in 2018 – Increase in Kalmar, decline in Hiab and MacGregor

Kalmar

- Sales increased by 1%
- Operating profit margin* improved to 8.9% (8.3%)
- Operating profit improved due to productivity measures and lower overhead costs

Hiab

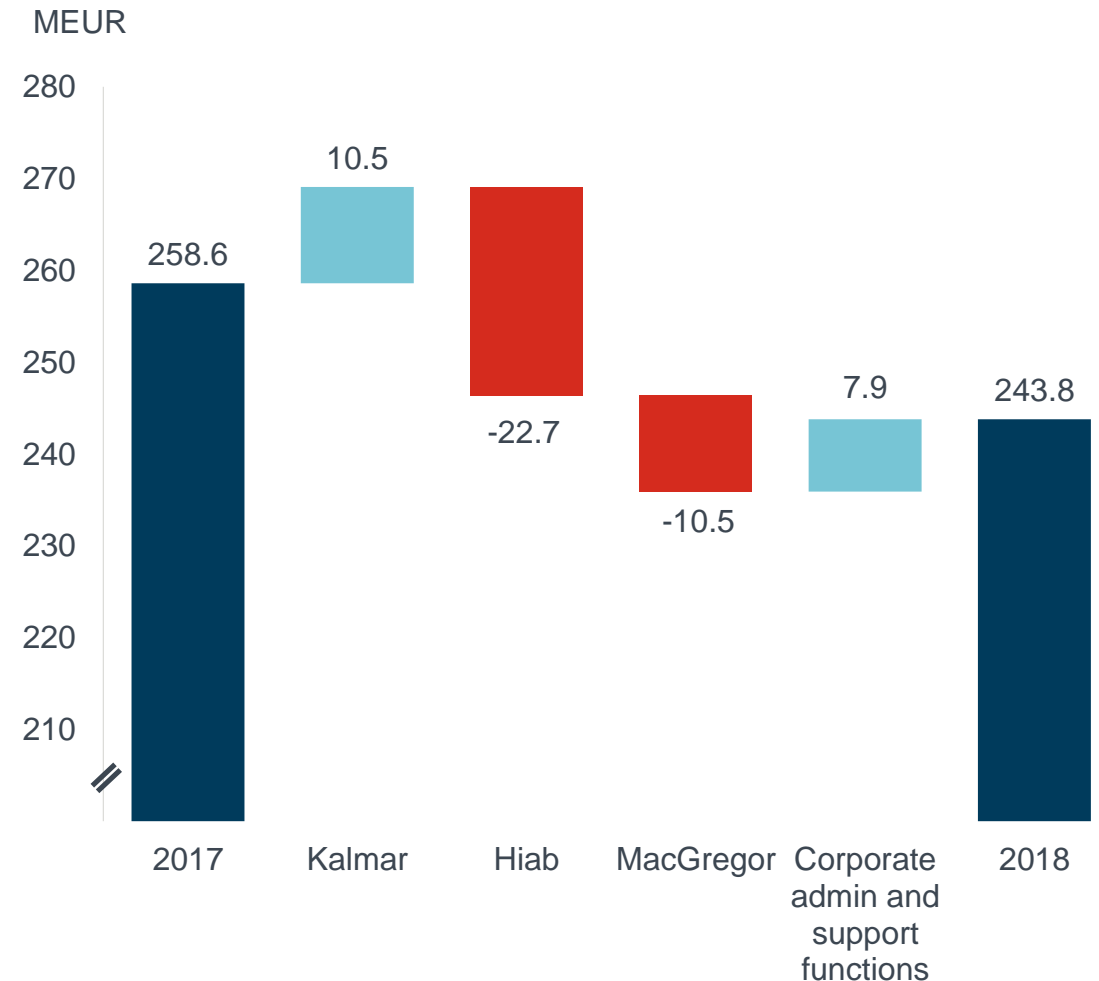
- Sales +6%
- Operating profit margin* declined to 11.7% (14.5%)
- Negative impact from FX and supply chain bottlenecks

MacGregor

- Sales -6%
- Operating profit* declined due to lower sales, but maintained at break-even due to cost savings

Corporate admin and support functions

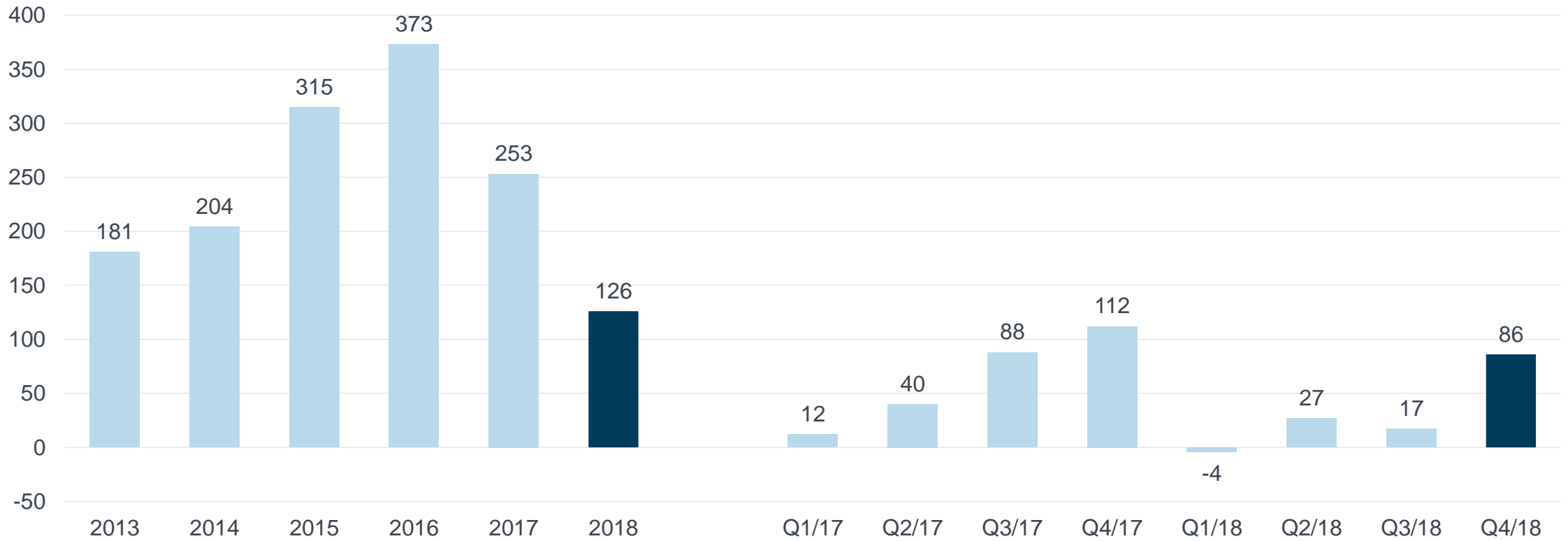
- Cost efficiency actions, higher prioritisation in business development



Cash flow from operations declined in 2018 due to increase in working capital

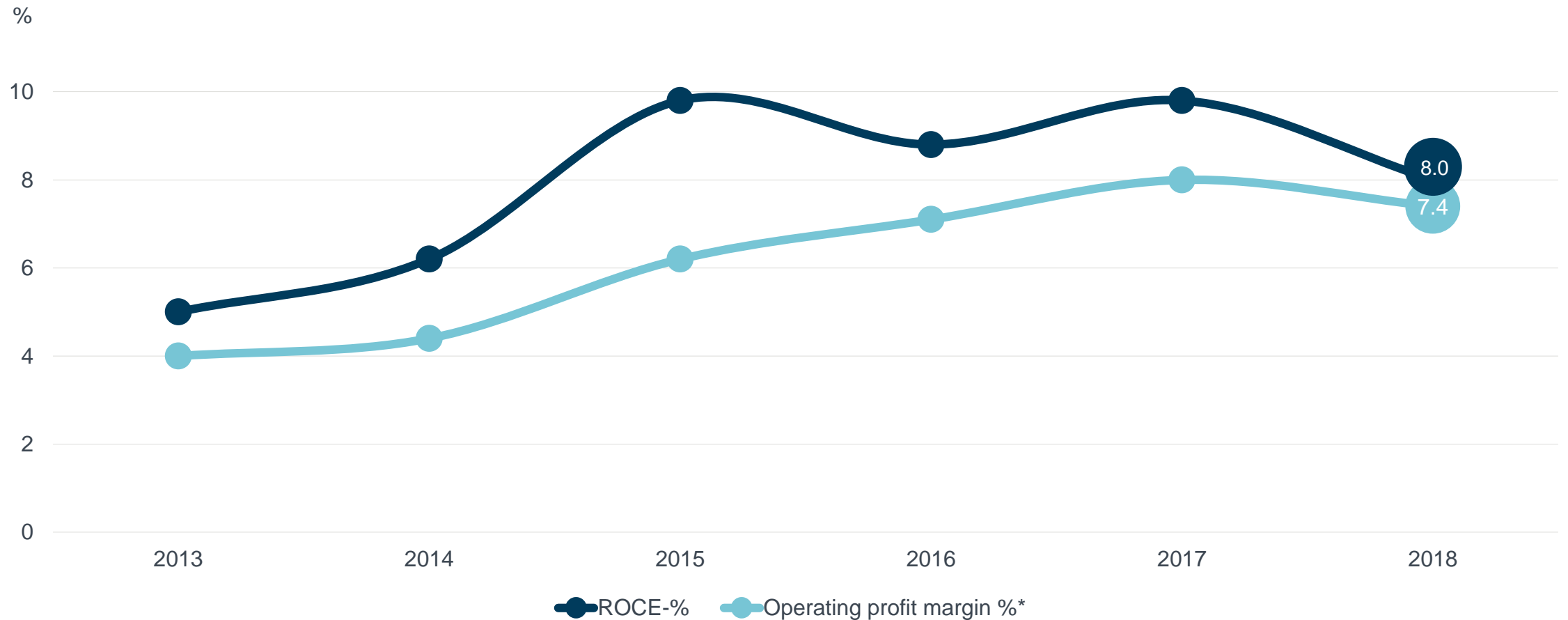
Cash flow from operations

MEUR



ROCE declined compared to 2017

ROCE excluding restructuring costs 10% in 2018



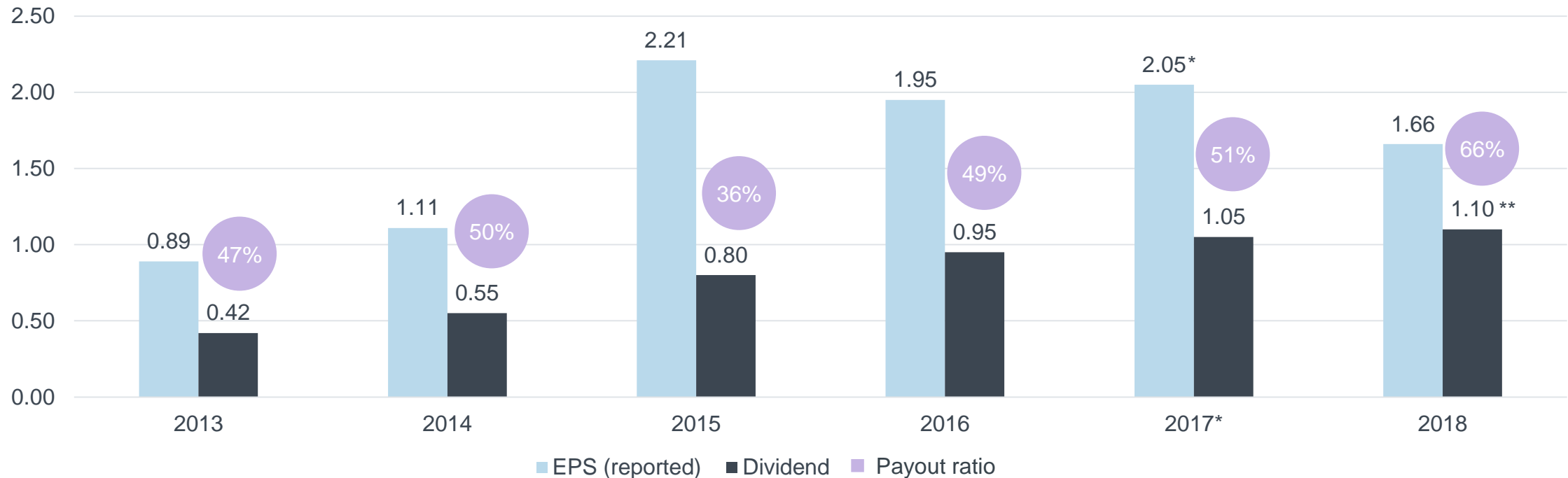
ROCE (return on capital employed), annualised *) Excluding restructuring costs

Proposal to increase the dividend

EUR 1.10 dividend per B share for 2018**

Dividend to be paid in two EUR 0.55 instalments**

Calculated from EPS excl. restructuring costs, payout ratio for 2018 is 47%





Outlook for 2019

Cargotec expects its comparable operating profit for 2019 to improve from 2018 (EUR 242.1 million).

New alternative performance measure – comparable operating profit

Cargotec uses and presents alternative performance measures (APMs) to better convey underlying business performance and to enhance comparability from period to period. Starting from 1 January 2019, Cargotec replaces the alternative performance measure of "operating profit excluding restructuring costs" with "comparable operating profit" for measuring business performance in the financial reporting. Comparable operating profit does not include items significantly affecting comparability. In addition to restructuring costs, as a rule these items include capital gains and losses, M&A related expenses and profits, impairments and reversals of impairments of assets, insurance benefits and expenses related to legal proceedings. Cargotec's comparable operating profit for 2018 is EUR 242.1 million (2017: 258.6).

