

8 February 2018

Strong year for Hiab

Cargotec's financial statements review 2017
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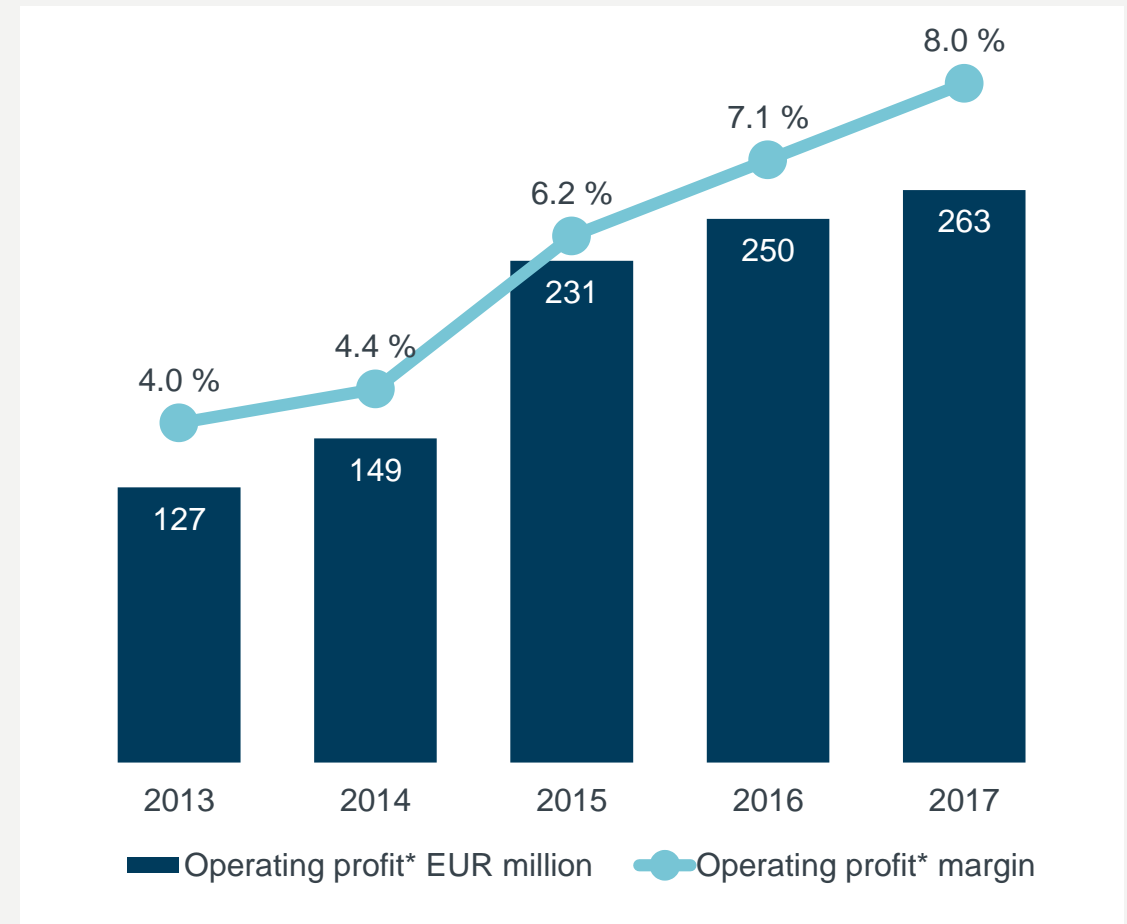


Highlights of 2017 – Strong year for Hiab, MacGregor’s orders improved in H2/2017

Operating profit margin* continued to improve

- Strong year for Hiab – sales increased by 5% and operating profit* by 12%
- Kalmar’s sales declined, but operating profit* improved slightly
- MacGregor’s order intake improved during the second half of 2017

Progress in M&A



*) Excluding restructuring costs

Market environment in 2017

Growth in number of containers handled at ports accelerated

Strong interest for efficiency improving automation solutions

- Customers' decision making is slow and starting with phased investments

Construction activity on good level

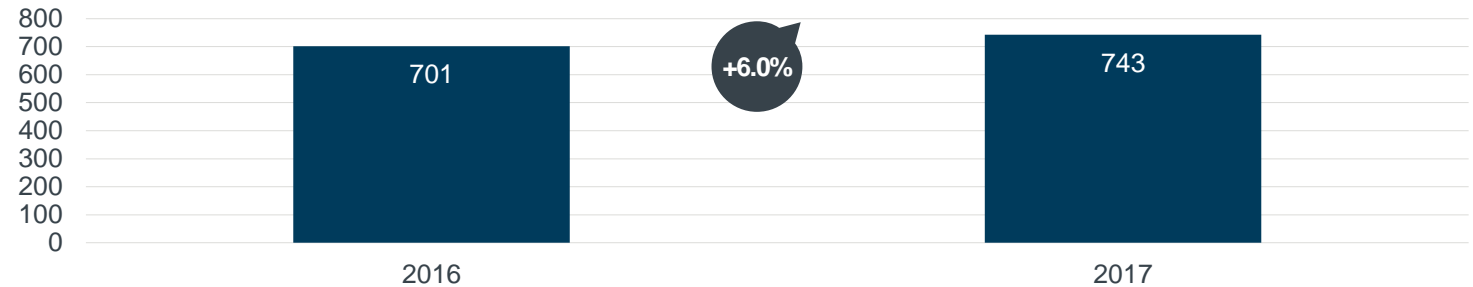
- Good development continued in Europe, US demand stayed on strong level

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

- In offshore, interest level has increased, but not materialised in orders

Global container throughput (MTEU) – Key driver for Kalmar

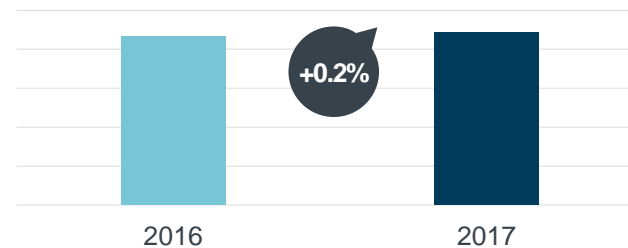
Source: Drewry



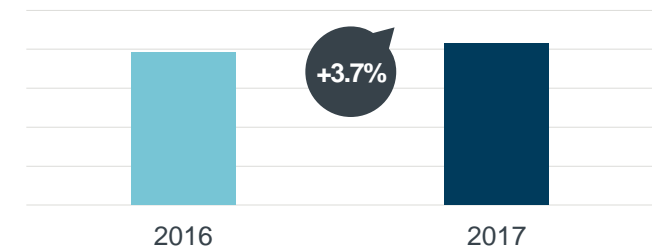
Construction output – Key driver for Hiab

Source: Oxford Economics

United States



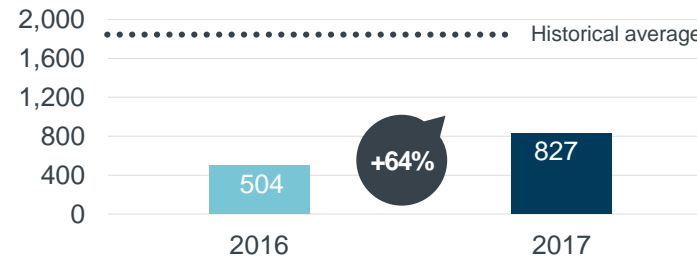
Europe



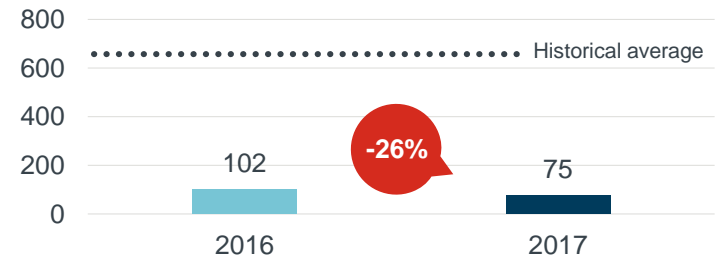
Long term contracting – Key driver for MacGregor

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

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



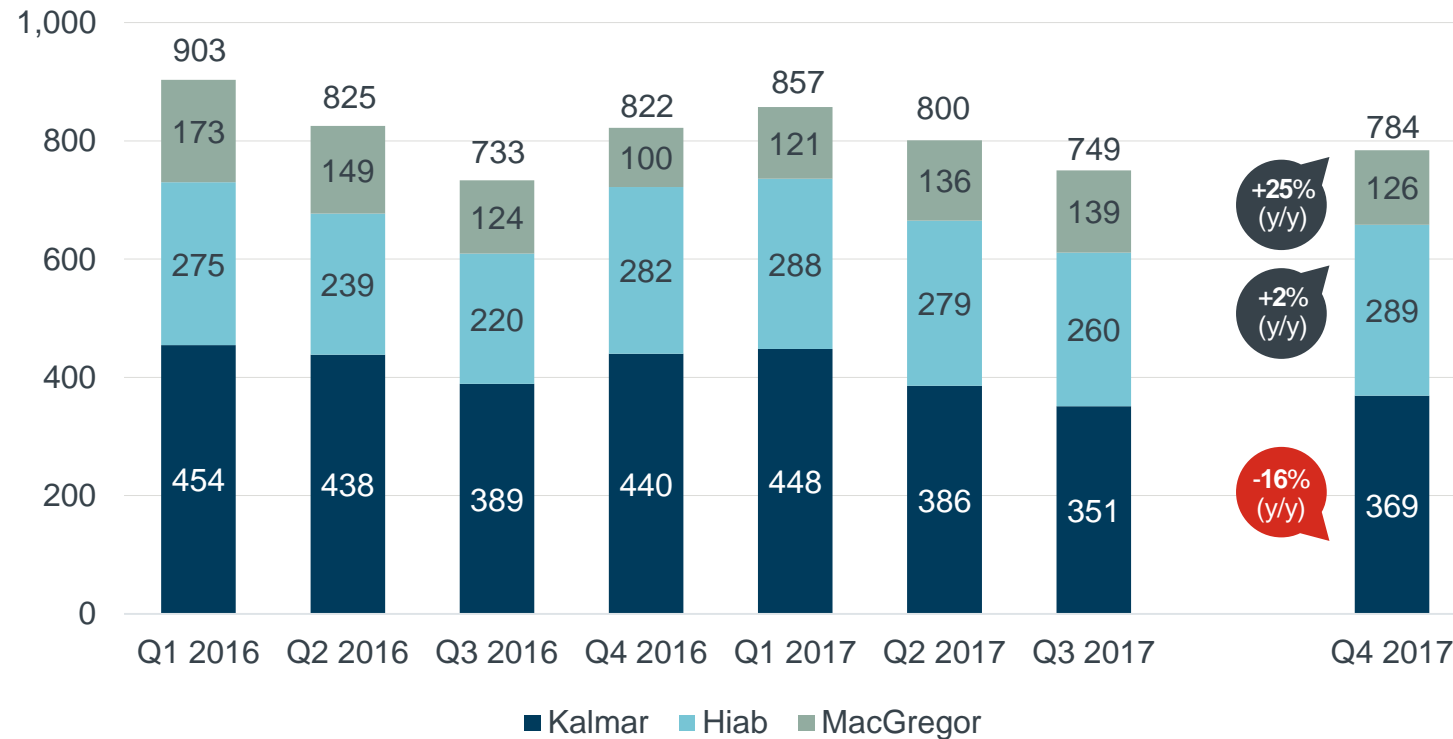
Mobile offshore units



Orders received – Good growth in Hiab in 2017, MacGregor's orders improved in H2/17

Orders received

MEUR



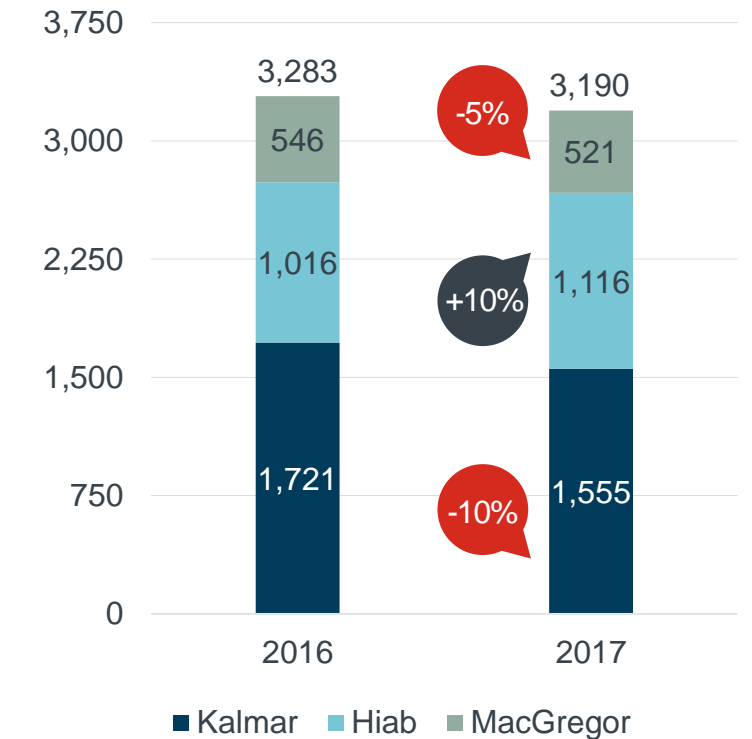
+25%
(y/y)

+2%
(y/y)

-16%
(y/y)

Orders received

MEUR



-5%

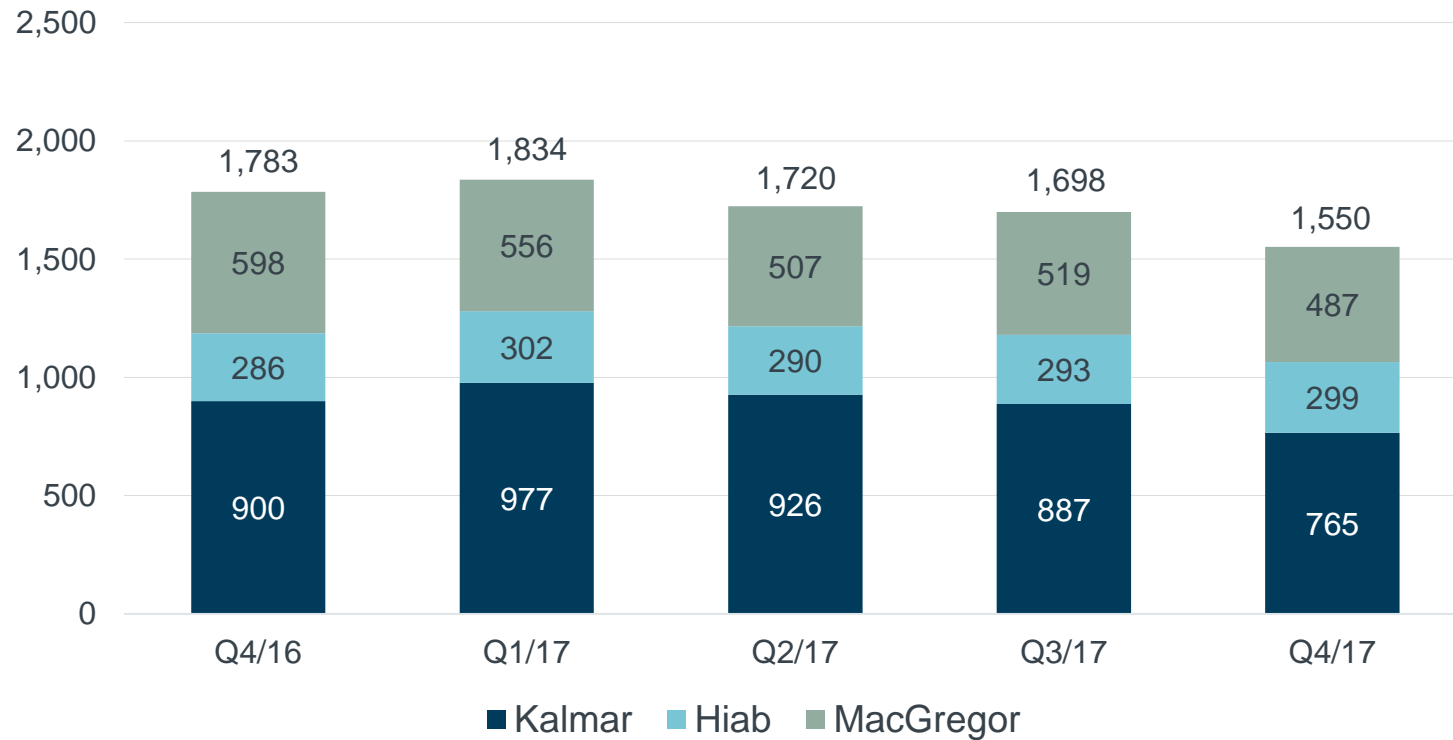
+10%

-10%

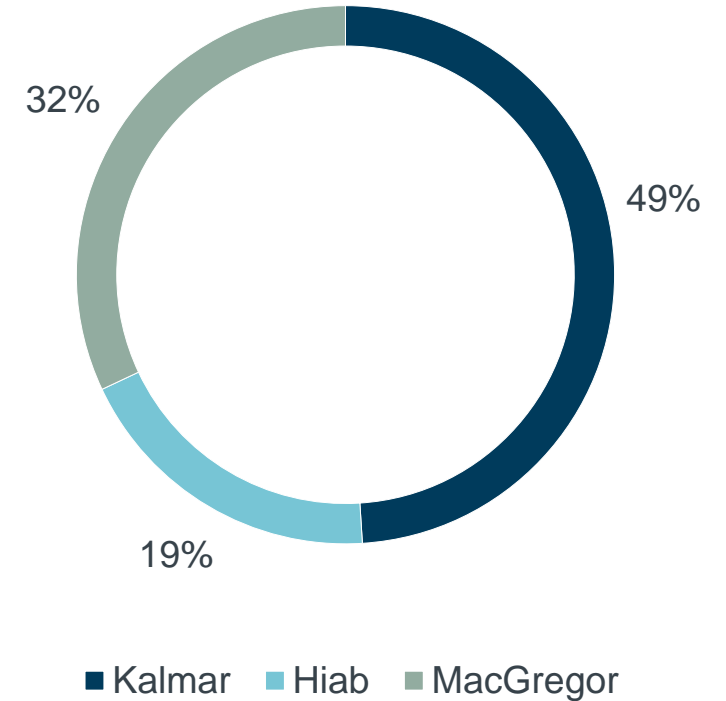
Order book declined in Kalmar and MacGregor

Order book

MEUR



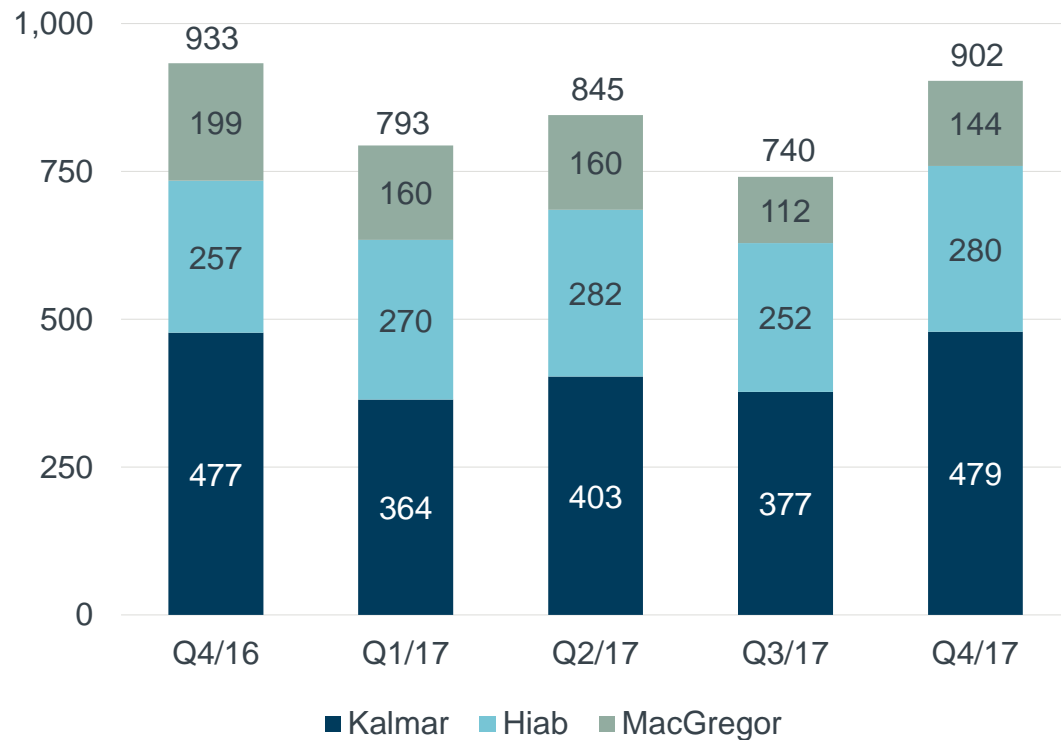
Order book by reporting segment, Q4 2017



Record-high operating profit* in Q4/17

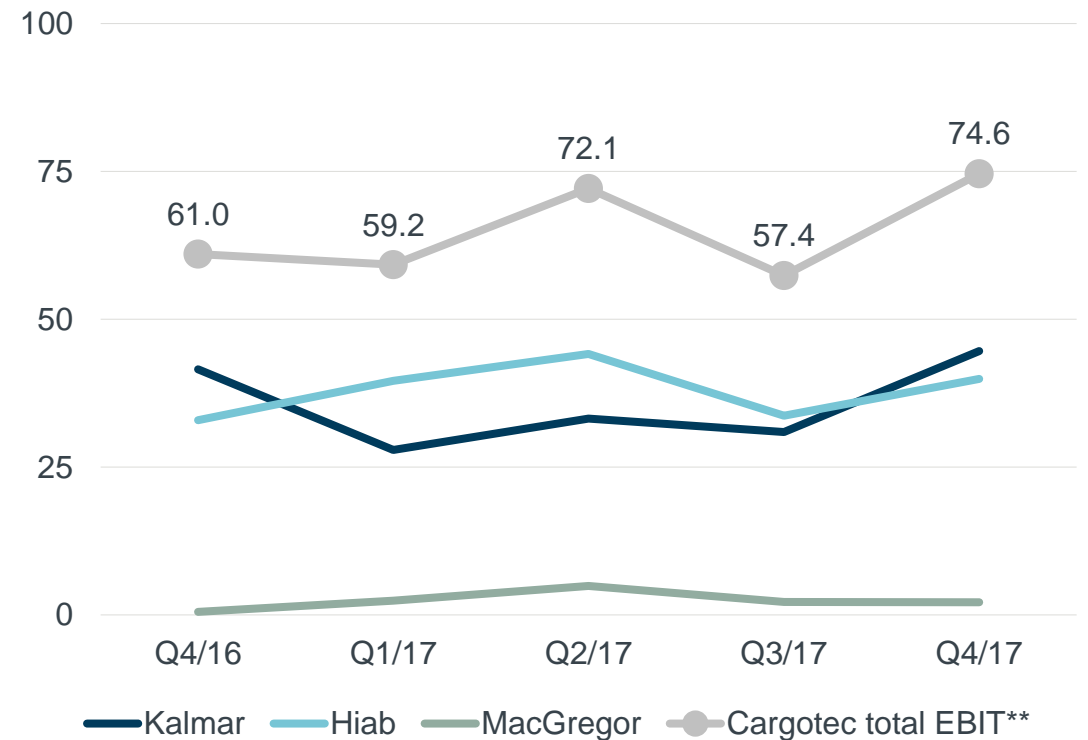
Sales

MEUR



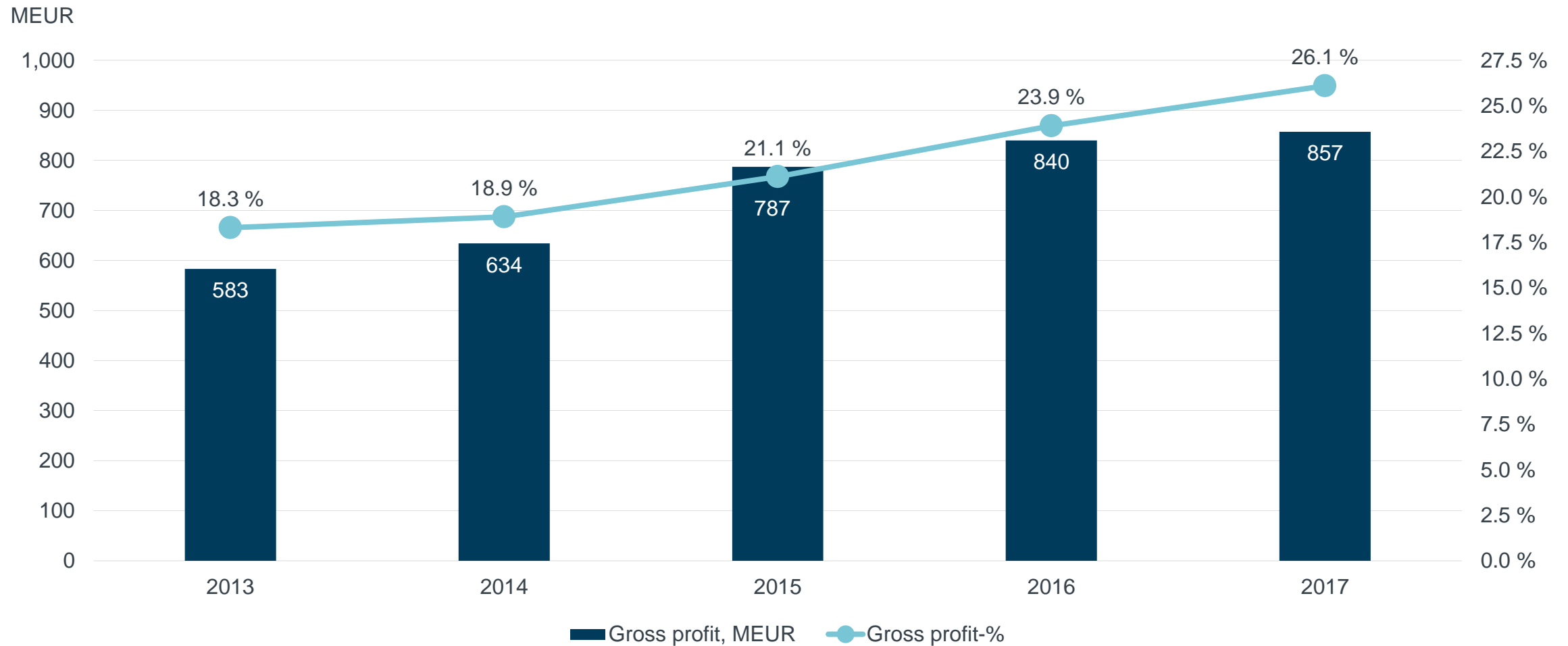
Operating profit*

MEUR



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

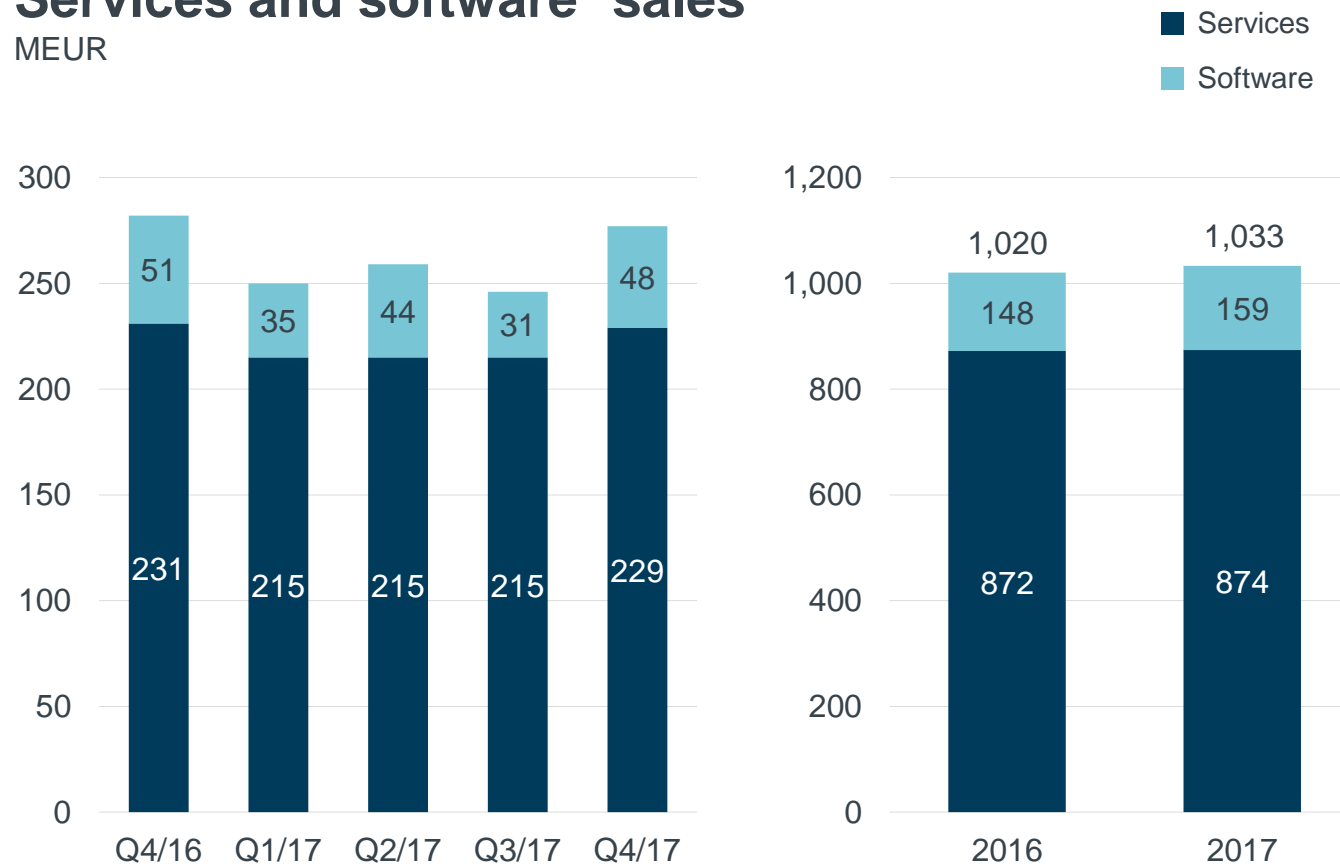
Gross profit continued to improve in 2017



Service and software 31% of total sales in 2017

Services and software* sales

MEUR



*Software sales defined as Navis business unit and automation software

- 2017 service sales at last year's level
 - Growth in Kalmar (+2%) and Hiab (+4%), MacGregor declined (-8%)
- Software sales grew 7% in 2017
- Services and software sales 31% (29%) of total sales in 2017

Progress in 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



Business areas

Cargotec's financial statements
review 2017

Kalmar Q4 – Profitability improved

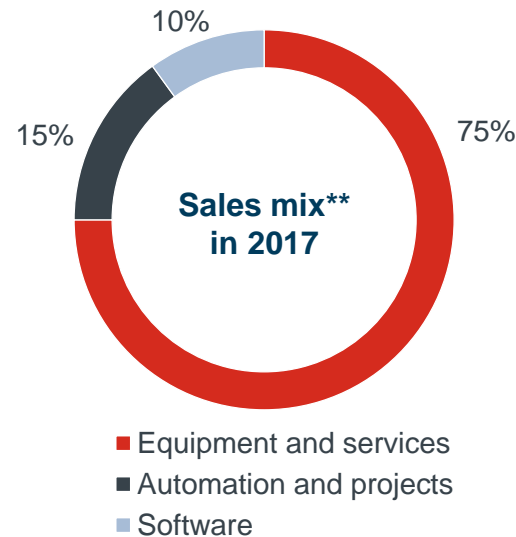
Orders received declined in all geographical regions

- Low order intake especially in automation and projects

Sales remained at last year's level, supported by project deliveries

Operating profit* increased especially in mobile equipment

MEUR	Q4/17	Q4/16	Change
Orders received	369	440	-16%
Order book	765	900	-15%
Sales	479	477	+0%
Operating profit*	44.6	41.5	+7%
Operating profit margin*	9.3%	8.7%	+61bps



Hiab Q4 – Solid growth in sales and profitability

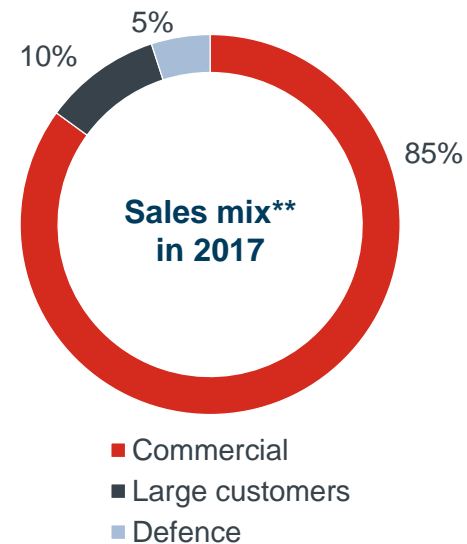
Orders received continued to grow in EMEA

- Growth in EMEA +9%
- Strong growth in loader cranes

Sales and operating profit grew

Service sales grew 6%

MEUR	Q4/17	Q4/16	Change
Orders received	289	282	+2%
Order book	299	286	+5%
Sales	280	257	+9%
Operating profit*	39.9	32.9	+21%
Operating profit margin*	14.3%	12.8%	+148bps



MacGregor Q4 – Continued growth in orders received

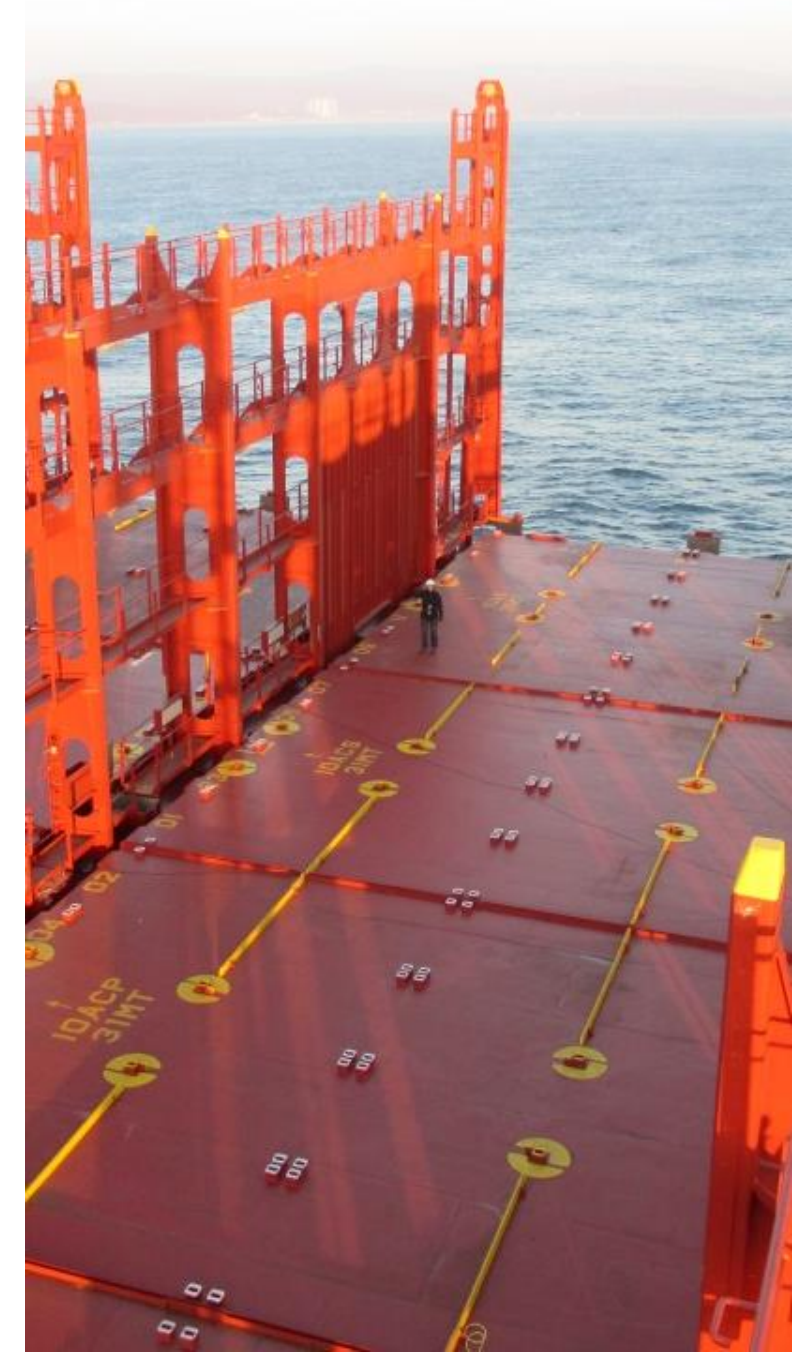
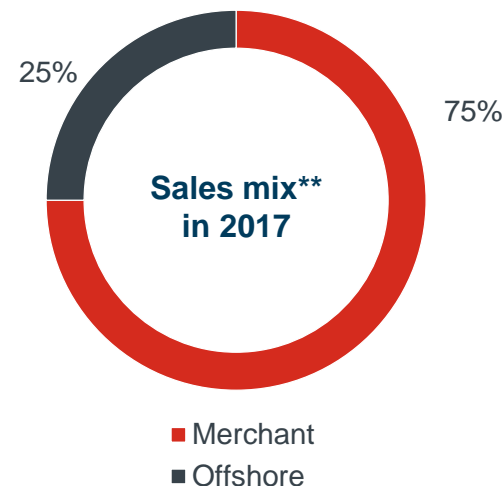
Orders received increased in APAC and Americas

- Large gas distribution project order

Sales declined both in merchant and offshore due to low delivery volumes

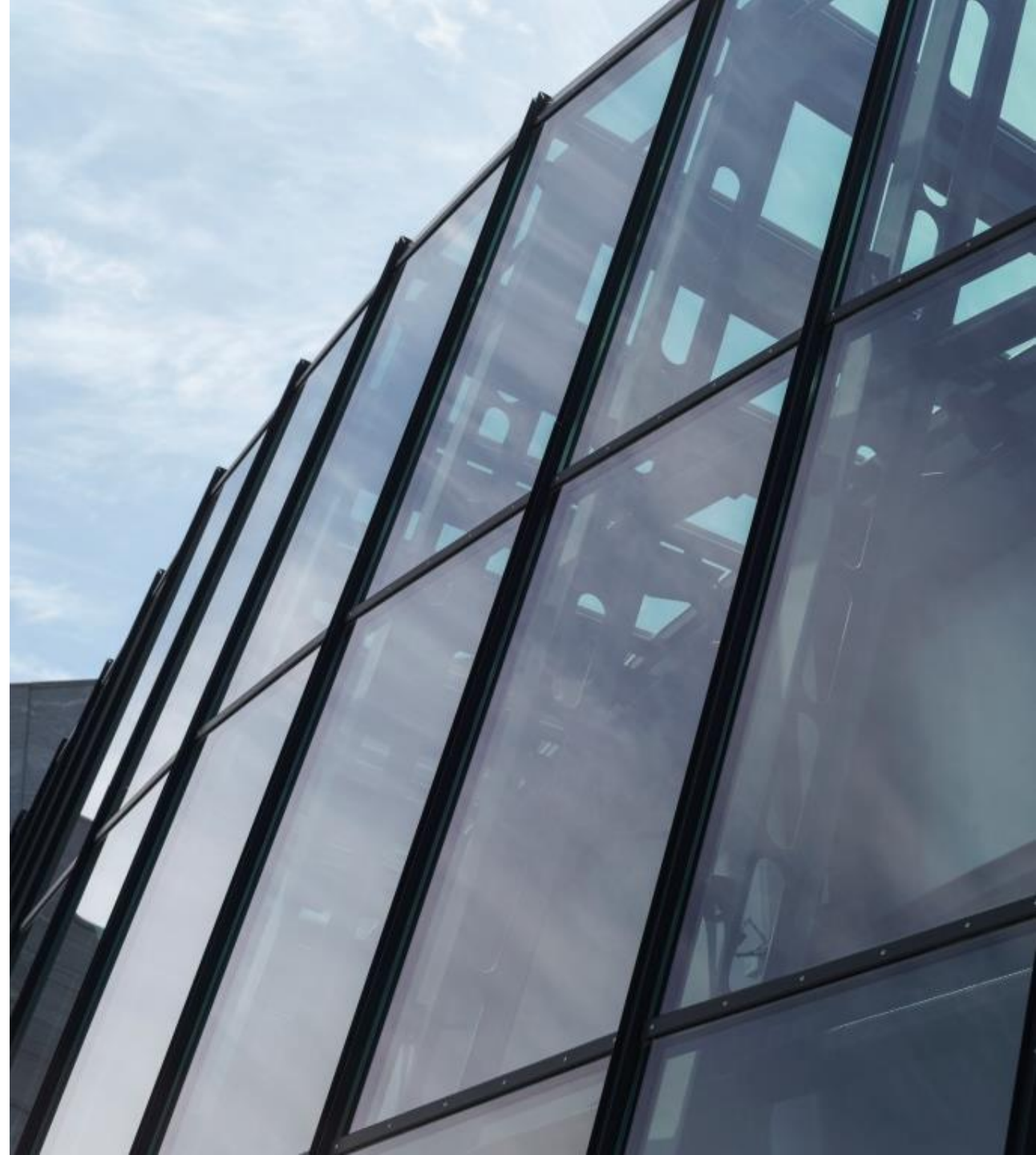
Operating profit* increased due to cost savings

MEUR	Q4/17	Q4/16	Change
Orders received	126	100	+25%
Order book	487	598	-19%
Sales	144	199	-28%
Operating profit*	2.1	0.5	+308%
Operating profit margin*	1.4%	0.3%	+117bps



Previously announced cost savings programmes proceeding

- From 2020 onwards annual savings of EUR 50 million
 - EUR 10 million savings in 2017
- 2017 EUR 25 million (MacGregor)
- EUR 13 million in 2018 (MacGregor)
 - Operational restructuring: reduction of approximately 170 employees
- EUR 13 million in 2018 (Kalmar)
 - Relocation of assembly operation
- Product redesign and project management improvement continues in 2018



Financials, dividend and outlook

Cargotec's financial statements
review 2017



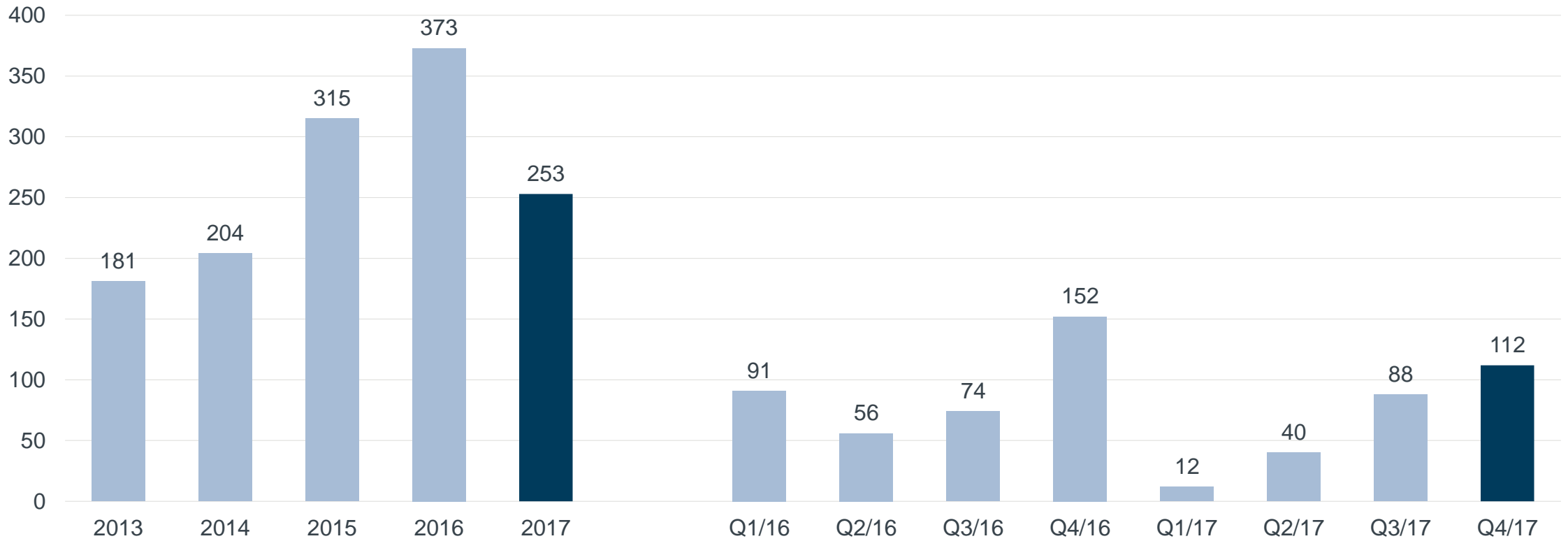
Key figures – Operating profit increased

	Q4/17	Q4/16	Change	2017	2016	Change
Orders received, MEUR	784	822	-5%	3,190	3,283	-3%
Order book, MEUR	1,550	1,783	-13%	1,550	1,783	-13%
Sales, MEUR	902	933	-3%	3,280	3,514	-7%
Operating profit*, MEUR	74.6	61.0	+22%	263.2	250.2	+5%
Operating profit*, %	8.3%	6.5%	+173bps	8.0%	7.1%	+90bps
Restructuring costs, MEUR	17.2	39.7	-57%	36.5	52.5	-31%
Operating profit, MEUR	57.3	21.3	+169%	226.7	197.7	+15%
Operating profit, %	6.4%	2.3%	+407bps	6.9%	5.6%	+129bps
Net income, MEUR	29.7	12.2	+143%	136.3	125.3	+9%
Earnings per share, EUR	0.45	0.20	+129%	2.11	1.95	+8%
Earnings per share, EUR**	0.64	0.65	-1%	2.51	2.54	-1%

Cash flow from operations weakened due to low prepayments and higher net working capital

Cash flow from operations

MEUR



Strong balance sheet

Net debt EUR 472 million (31 Dec 2016: 503)

- Average interest rate 2.3% (2.3%)
- Net debt/EBITDA 1.6 (1.8)

Total shareholders' equity EUR 1,425 million (1,395)

- Equity/total assets 41.5% (39.1%)

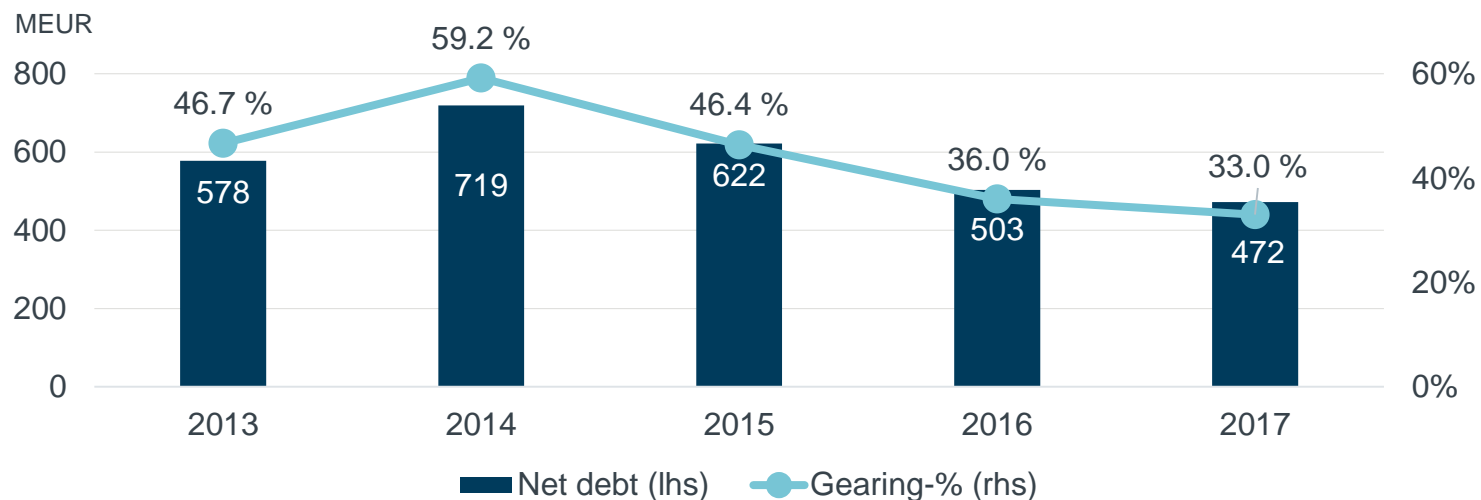
Well diversified loan portfolio:

- Bonds EUR 464 million
- Bank loans EUR 293 million
- EUR 300 million revolving credit facility refinanced in Q2/17, the facility is fully undrawn

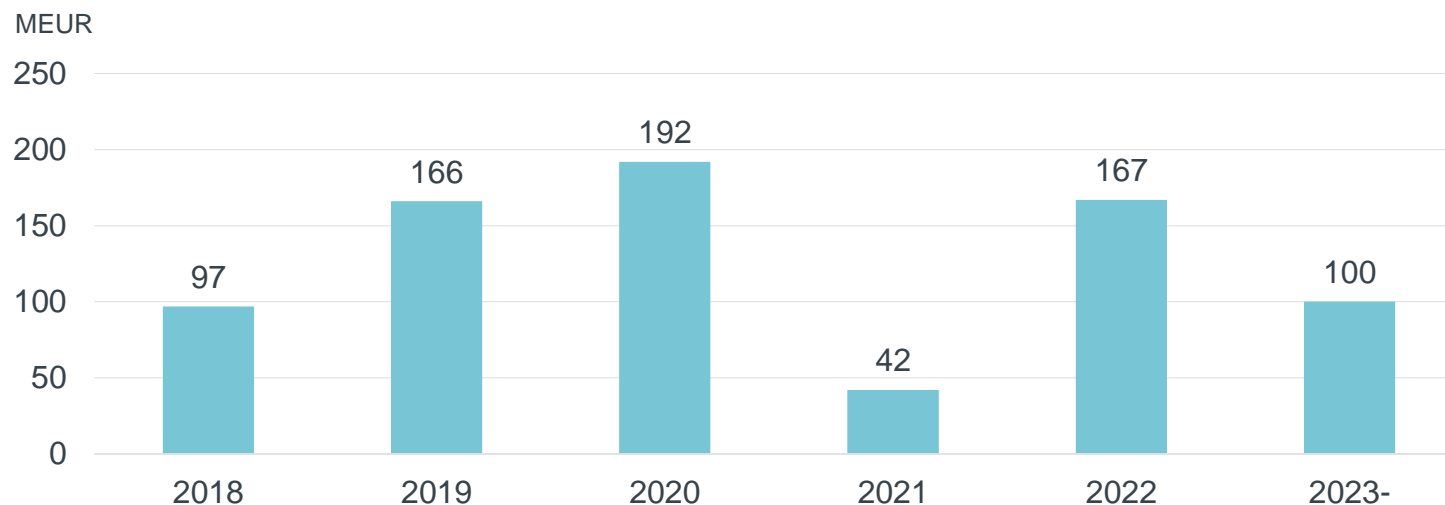
Balanced maturity profile

- EUR 97 million loans maturing in 2018

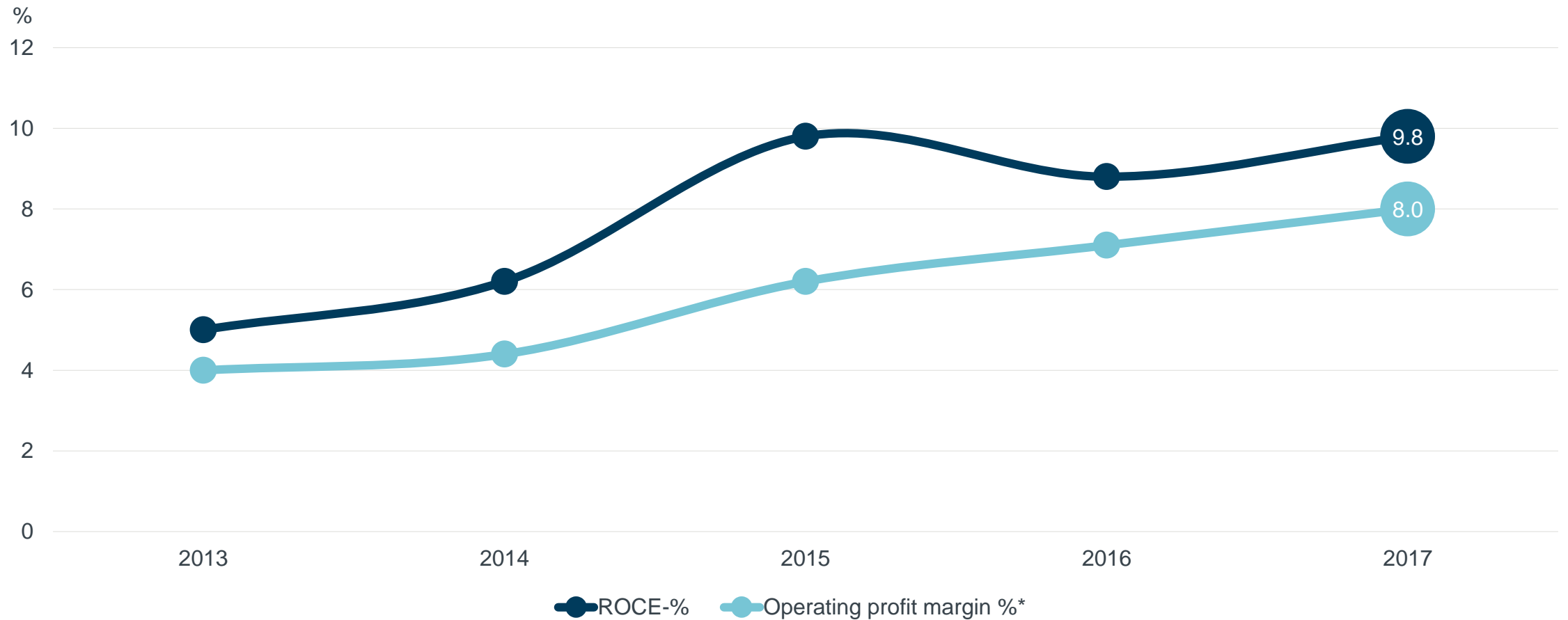
Net debt and gearing



Maturity profile



Operating profit* margin and ROCE improved

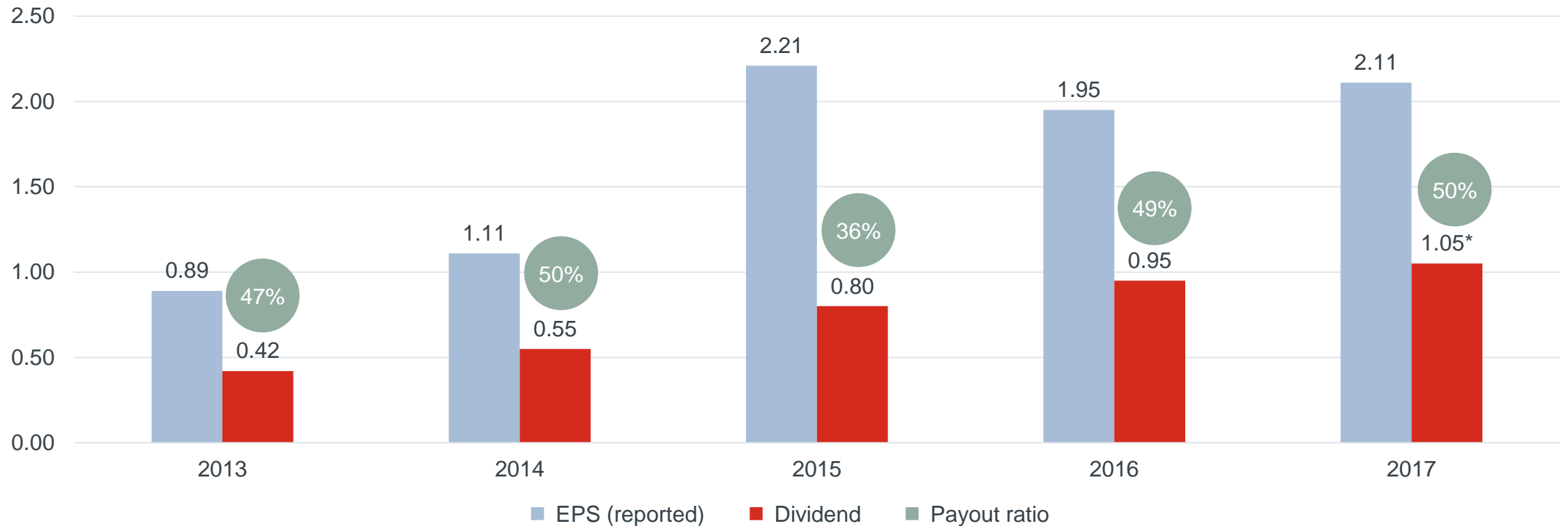


ROCE (return on capital employed), annualised *) Excluding restructuring costs

Proposal to increase the dividend

Board proposes EUR 1.05 dividend per B share for 2017

Dividend to be paid in two instalments (EUR 0.53 and 0.52)



*Board proposal to AGM



2018 outlook

Operating profit excluding restructuring costs for 2018 is expected to improve from 2017 (EUR 263.2 million).

As a result of the adoption of the IFRS 15 standard effective from January 1, 2018, Cargotec's revenue recognition for certain products and customer contracts will change in 2018. The IFRS 15 restated figures for 2017 will be published in March 2018 the latest. The change in accounting principles is not expected to have a material impact on annual operating profit.

