

Investor presentation, March 2020

Becoming the leader in intelligent cargo handling

Why invest in Cargotec?



♥ Our target:
To become the leader in intelligent cargo handling

Every 4th container in the WORLD is moved by Kalmar solution

♥ Several favorable megatrends support our growth prospects

- DIGITALISATION
- GLOBALISATION
- TRADE GROWTH
- URBANISATION
- GROWING MIDDLE CLASS

CONTAINER TRAFFIC
PORT AUTOMATION

MARKET POSITION
#1, #2
IN MAJOR SEGMENTS

CONSTRUCTION ACTIVITY

MARKET POSITION
#1, #2
IN MAJOR SEGMENTS

SHIP BUILDING

MARKET POSITION
#1, #2
IN MAJOR SEGMENTS

Every other ship in the WORLD has MacGregor equipment on board

♥♥ We have strong brands and a loyal global customer base



● Transformation from equipment provider into a leader in intelligent cargo handling



● 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.

● Growing services and software business increase stability of our business

€ 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

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Cargotec in brief



Strong global player with well-balanced business

Sales:
EUR 3,683 million
EBIT: 7.2%

Kalmar

Sales: **EUR 1,723 million**
 EBIT: **9.4%** (EUR 161.8 million)

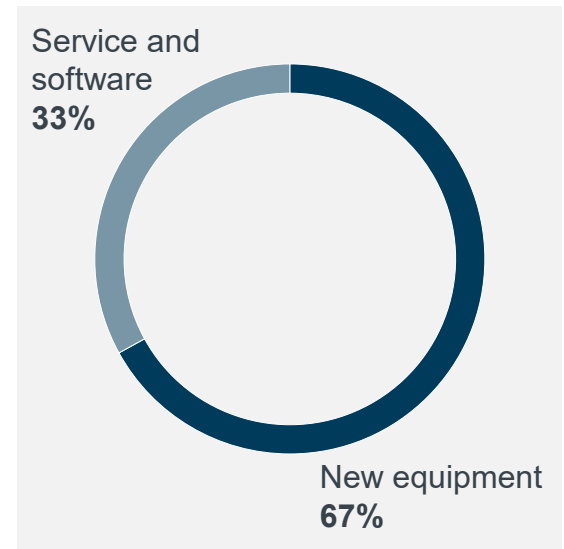
Hiab

Sales: **EUR 1,350 million**
 EBIT: **12.6%** (EUR 170.2 million)

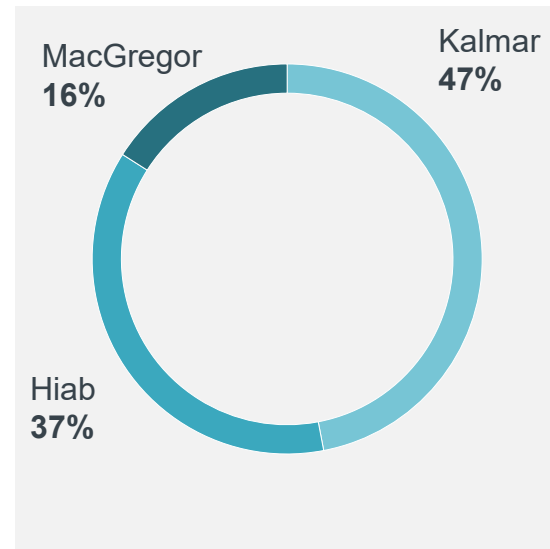
MacGregor

Sales: **EUR 611 million**
 EBIT: **-4.6%** (EUR -28.2 million)

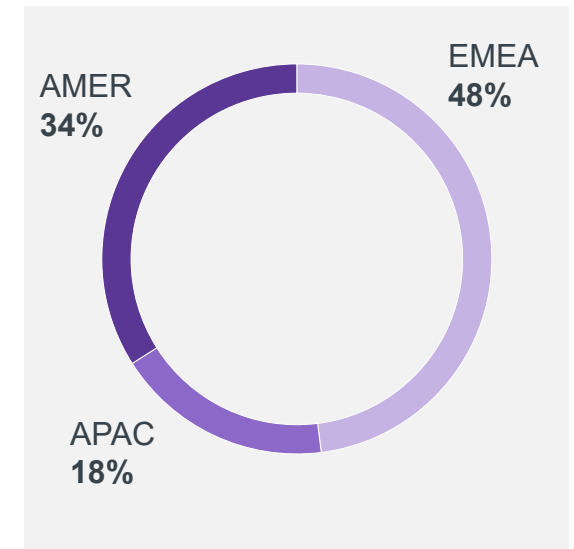
Sales split: new equipment vs service and software



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

Key competitors

Cargotec is a leading player in all of its business areas

Global main competitors



KONGSBERG



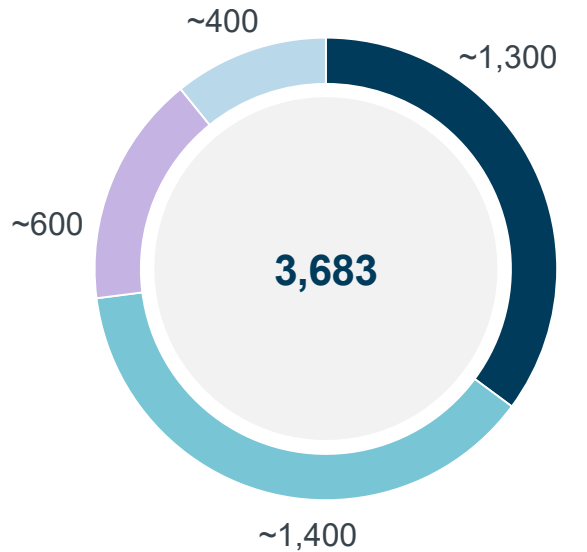
Other competitors



Currently two businesses performing well

Net sales* in 2019

EUR million



- Kalmar equipment
- MacGregor
- Hiab
- Kalmar APD and software

	Trend in orders, last 12 months	Profitability: Comparable EBIT margin
Kalmar software (Navis) and Automation and Projects division	➔	Above break-even
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



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



1. Technology leader and strong market positions, leading brands in markets with long term growth potential

Global megatrends

- Globalisation and trade growth
- Urbanisation
- Growing middle class

Growth drivers

- Container throughput growth
- Construction activity
- Automation
- Digitalisation

Competitive advantages

- Strong brands
- Full automation offering
- Technology leadership

Market position

- #1 or #2 in all major segments

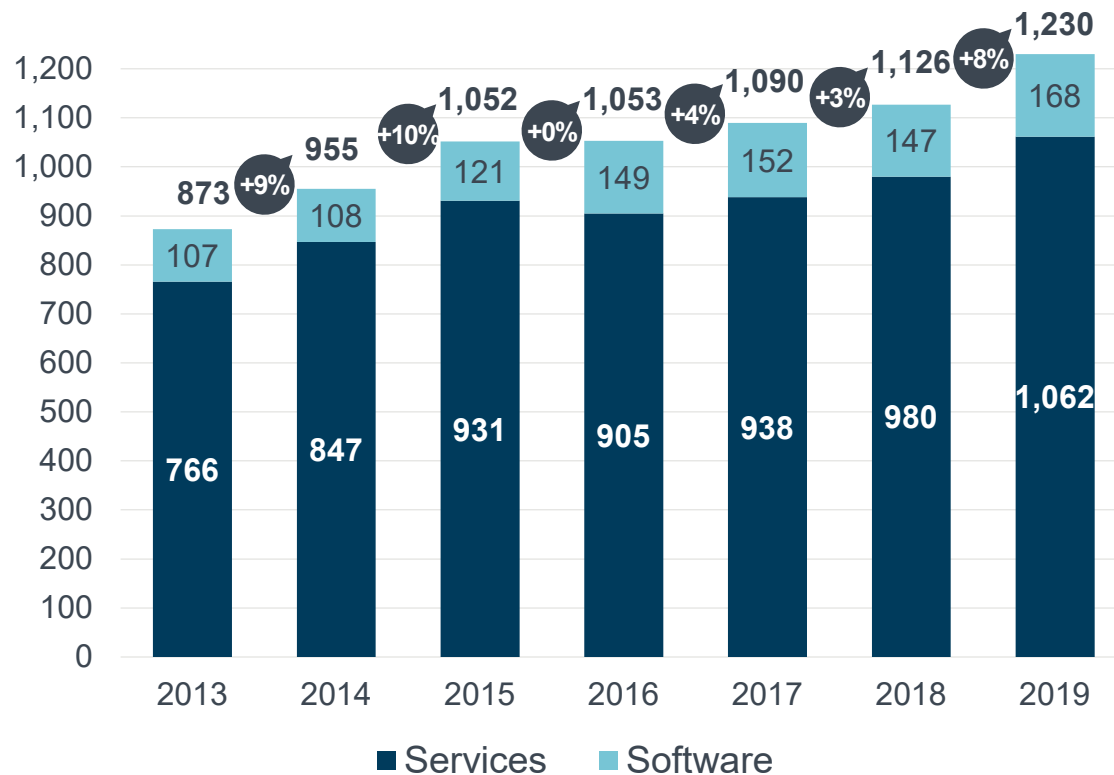
2. Our vision is to become the global leader in intelligent cargo handling

VISION	GLOBAL LEADER IN INTELLIGENT CARGO HANDLING	
MUST-WIN BATTLES	WIN THROUGH CUSTOMER CENTRICITY We help our customers achieve their goals by aligning our offering and way of working to serve them better.	ACCELERATE DIGITALISATION We build and expand our digital solutions to offer a great customer experience and more efficient business processes.
	ADVANCE IN SERVICES We extend our offering towards intelligent solutions that enable us to serve our customers wide across their lifecycle.	PRODUCTIVITY FOR GROWTH We focus on activities that add value and benefit our customers and us by developing our business operations and common platforms.

3. Growing service & software business and asset-light business model are increasing stability

Service and software* sales

MEUR



Asset-light business model with a flexible cost structure

- Kalmar and Hiab: efficient assembly operation
- MacGregor: efficient project management and engineering office: > 90% of manufacturing and 30% of design and engineering capacity outsourced
- No in-house component manufacturing

Next steps to increase service and software sales:

- Improve service offering through digital solutions
- Build on Navis position as industry leader
- Increase spare parts capture rates
- Boost service contract attachment rates

4. Capitalising global opportunities for future automation and software growth

Industry trends support growth in port automation:

- Only 40 terminals (out of 1,200 terminals) are automated or semi-automated currently globally
- Ships are becoming bigger and the peak loads have become an issue
- Increasing focus on safety
- Customers require decreasing energy usage and zero emission ports
- Optimum efficiency, space utilization and reduction of costs are increasingly important
- Shortage and cost of trained and skilled labour pushes terminals to automation

Significant possibility in port software:

- Container value chain is very inefficient: total value of waste and inefficiency estimated at ~EUR 17bn
- Over 50% of port software market is in-house, in long term internal solutions not competitive
- Navis has leading position in port ERP

Customers consider their automation decisions carefully

- Shipping line consolidation
- Utilisation rates of the existing equipment base
- Container throughput volumes
- Efficiency of the automation solutions

Automation creates significant cost savings*

Labour costs	60% less labour costs
Total costs	24% less costs
Profit increase	125%



* Change when manual terminal converted into an automated operation

5. Clear plan for profitability improvement and to reach financial targets

Growth

Target to grow faster than market

- Megatrends and strong market position supporting organic growth
- M&A potential

Service and software

Targeting service and software sales 40% of net sales, minimum EUR 1.5 billion in 3-5 years*

Balance sheet and dividend

Target gearing < 50% and increasing dividend in the range of 30-50% of EPS, dividend paid twice a year

Profitability

Target 10% operating profit and 15% ROCE in 3-5 years*

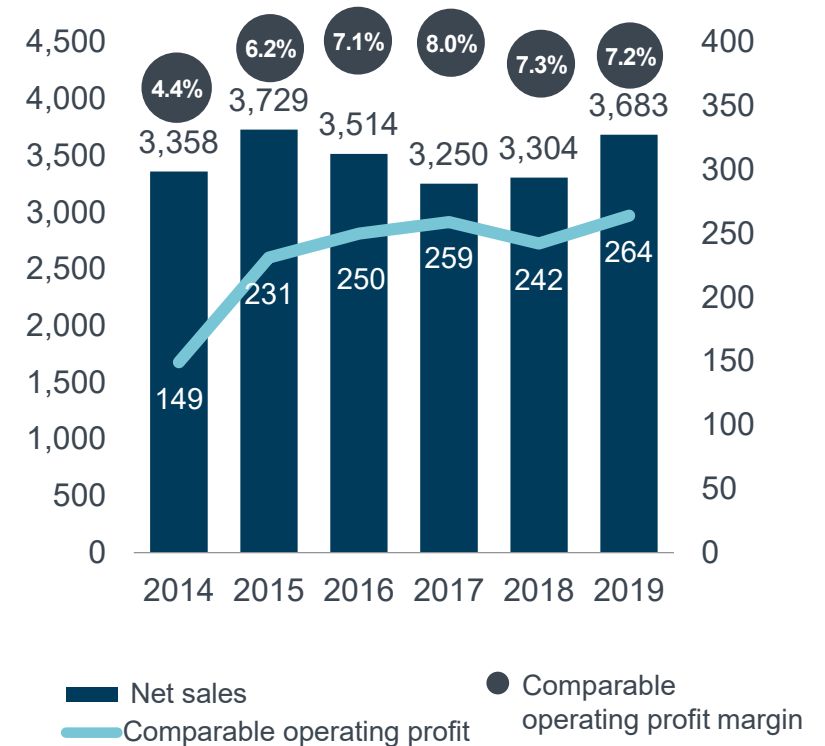
Higher service and software sales key driver for profitability improvement

Cost savings actions:

- 2020 EUR 30 million (indirect purchasing and new Business Services operations)

Product re-design and improved project management

Sales and comparable operating profit development



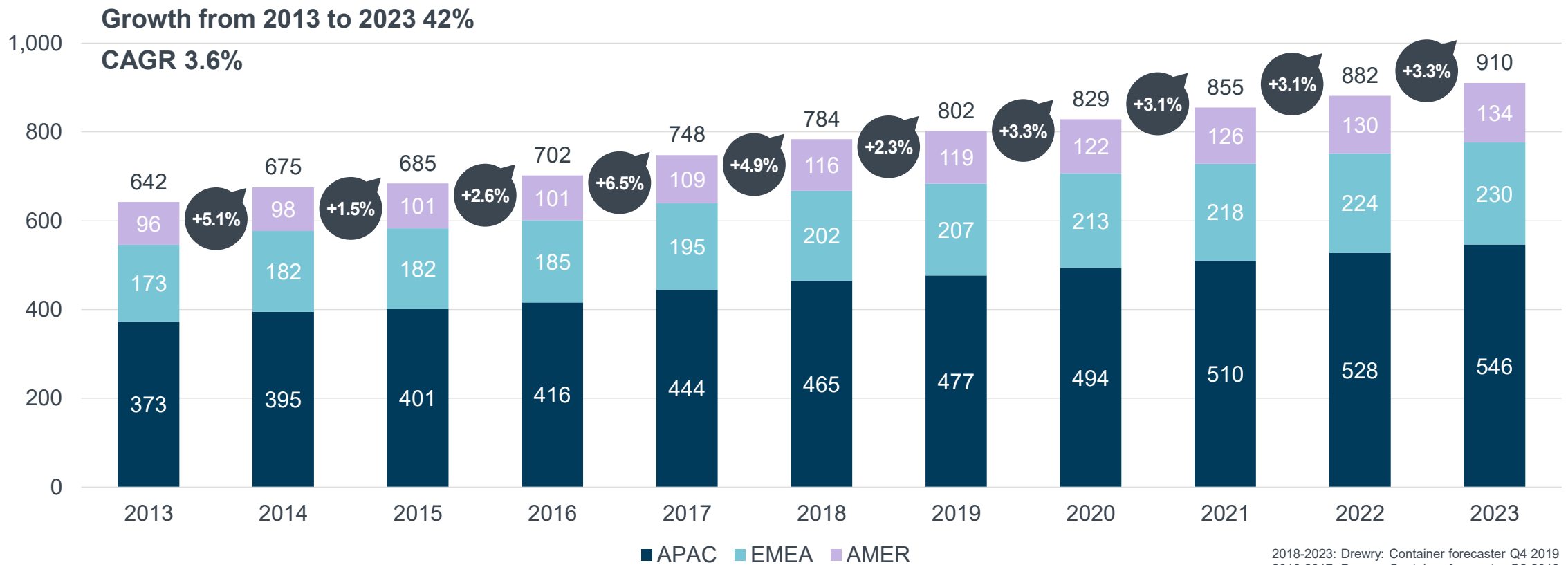
*Target announced in September 2017

Kalmar



Container throughput still forecasted to grow year on year

TEU million

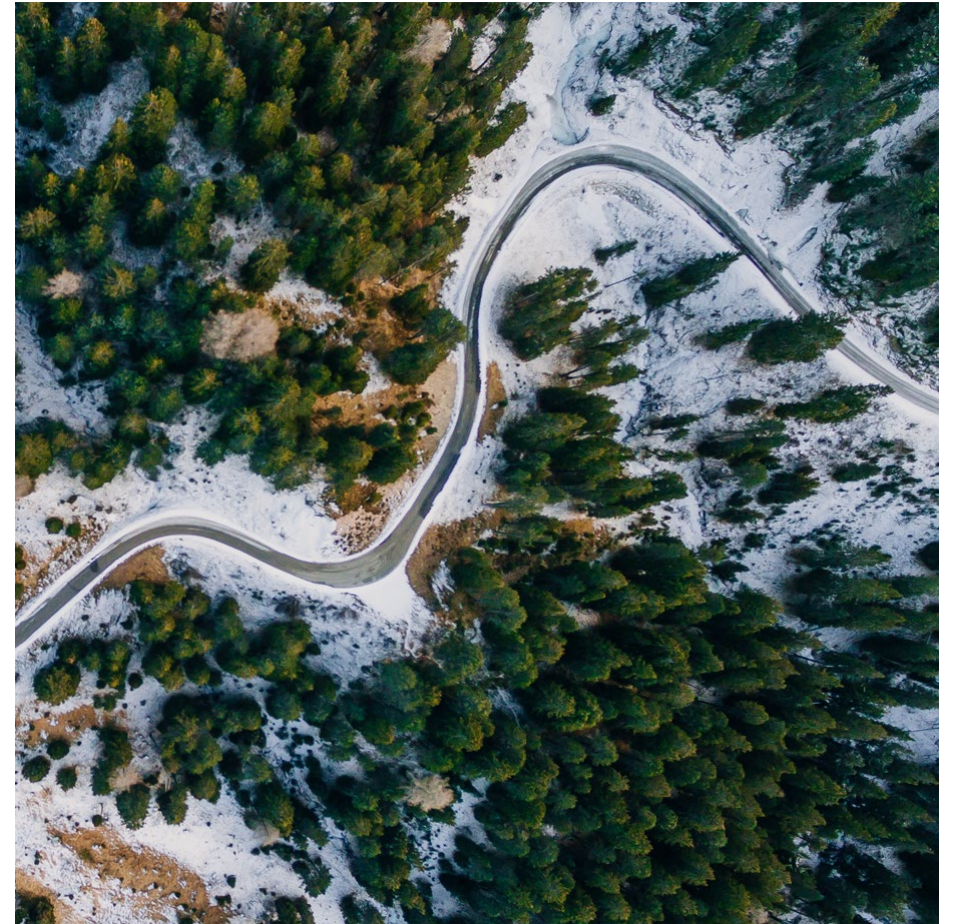


2018-2023: Drewry: Container forecaster Q4 2019
2016-2017: Drewry: Container forecaster Q2 2019
2015 Drewry: Container forecaster Q2 2018

2013-2014 Drewry Global Container Terminal Operators Annual Report 2013

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



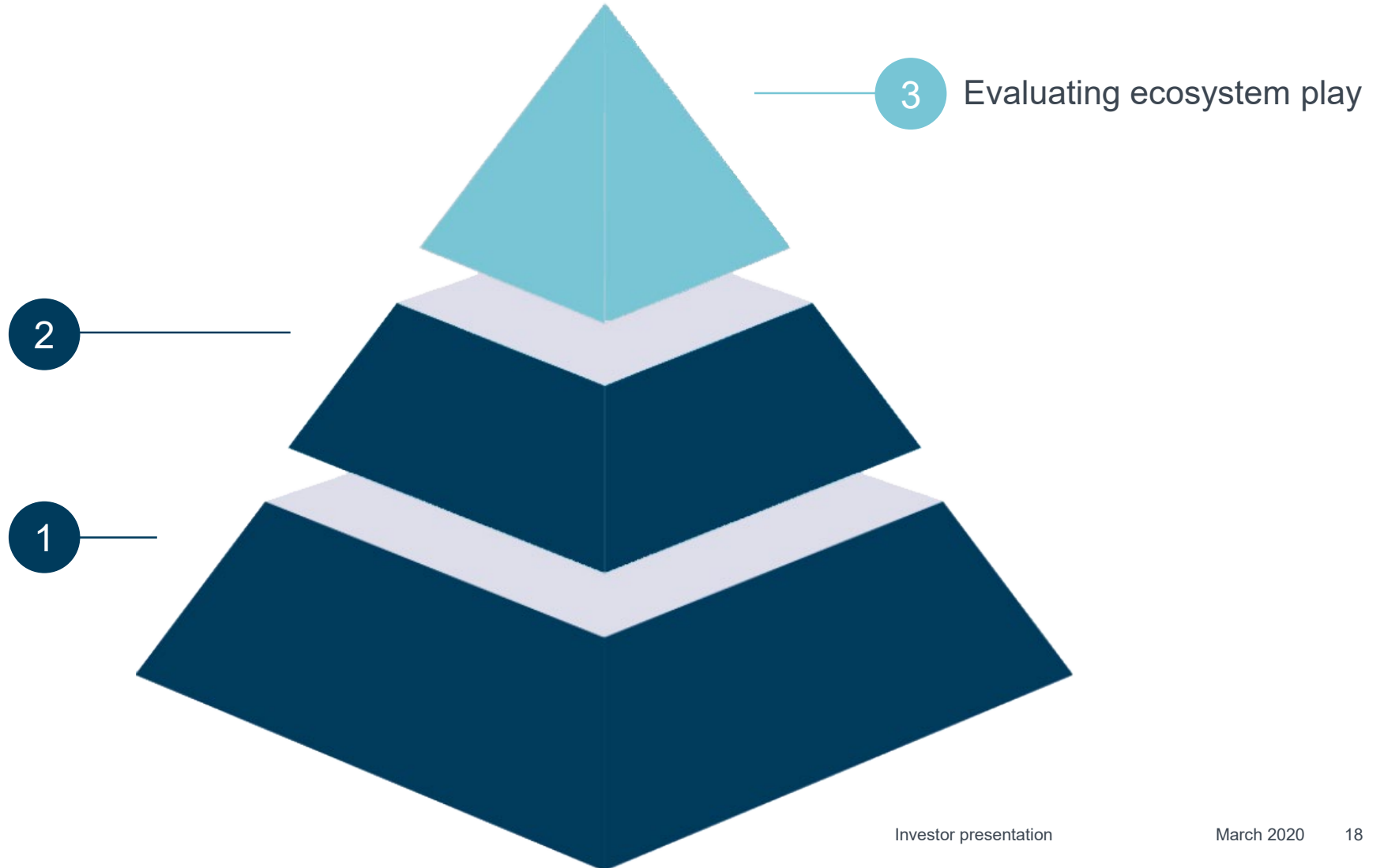
Committed to become the leader in intelligent cargo handling – evaluating future options for value creation

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



Kalmar provides integrated port automation solutions also after potential divestment of Navis

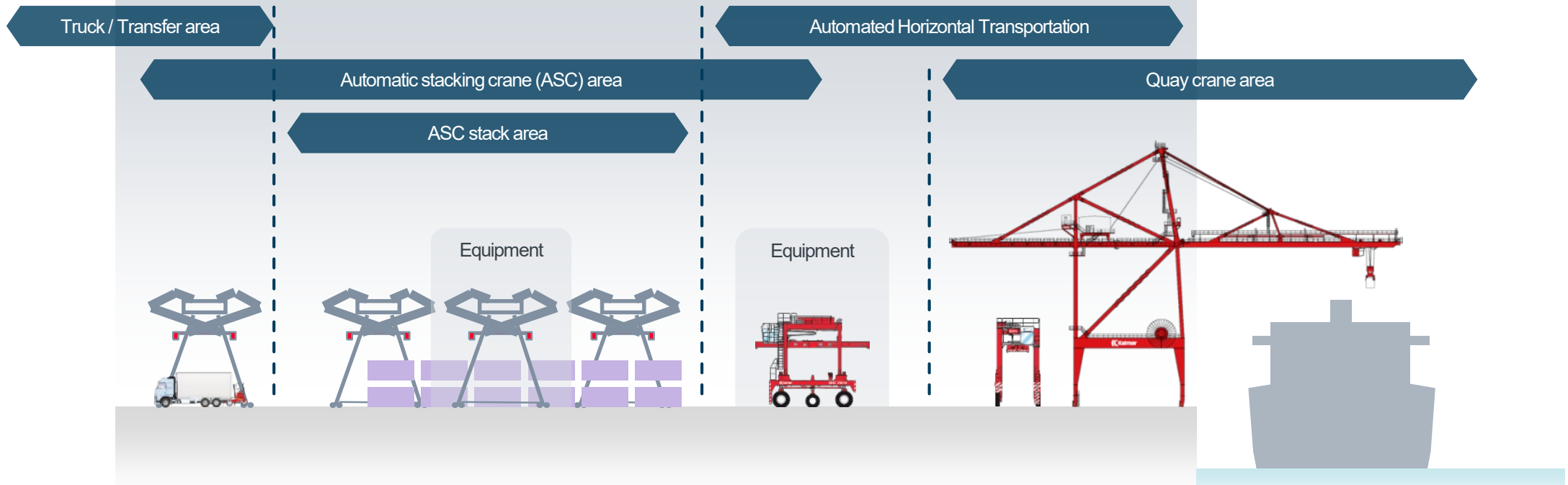
Terminal Operating System (TOS) coordinates and optimizes the planning and management of container and equipment moves



Kalmar provides integrated port automation solutions including software, services and a wide range of cargo handling equipment



Terminal Logistic System (TLS)





Robotics as an opportunity

AUTOMATED SOLUTION

ROBOTICS FUNCTIONALITY

Digitalisation • Autonomous • Electrification

KALMAR EQUIPMENT

Towards new business models



Simultaneous engineering



Optimised solution



Faster return on capital



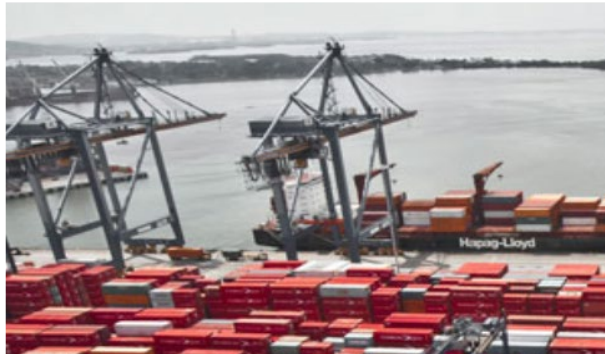
Increased uptime



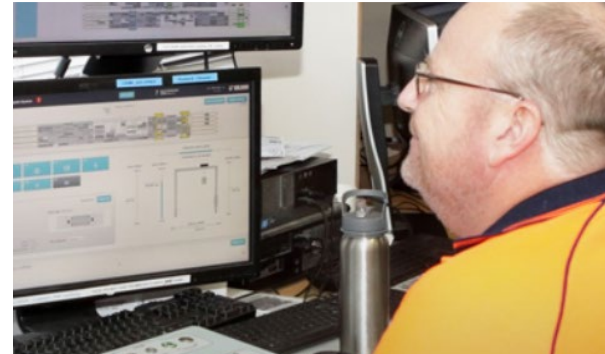
Replacement upgrade

A digital life of the customer

Services provide our biggest medium-term growth opportunity



Equipment & Projects
20-30%



Software
20-30%



Services
3-5%

Market
share

Market
size

6B€

0.5-1B€

8B€

Automation deals highlight our successful investments in automation

Kalmar and Navis to deliver world-first intermodal automation solution to Sydney, Australia

Greenfield intermodal terminal, Qube's Moorebank Logistics Park

- First fully automated intermodal terminal in the world

Kalmar OneTerminal contract, including Navis N4 TOS

All equipment can be operated electrically on local solar power

Order value EUR 80 million, booked in Q2 2018

Fully digitalised and autonomous container handling solution with software and services to Yara

Solution enables autonomous, cost efficient and emission-free operations of the Yara Birkeland container ship in Norway



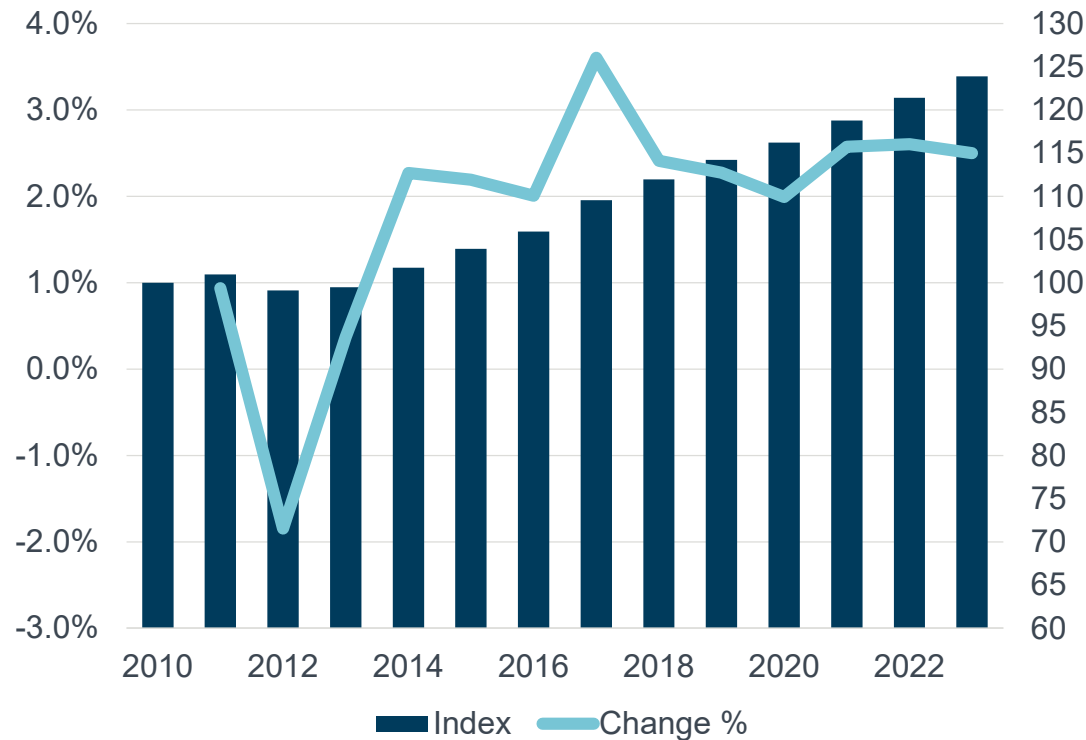
Hiab



Construction output driving growth opportunity

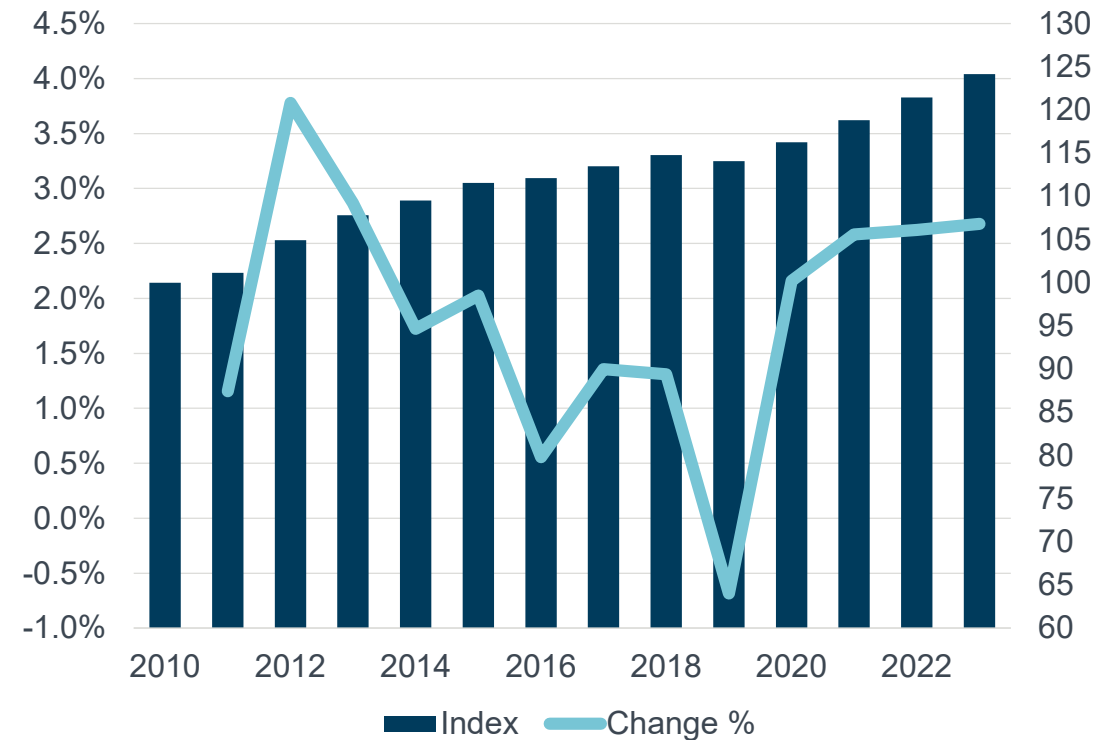
EMEA construction output

y/y change (%)




AMER construction output

y/y change (%)

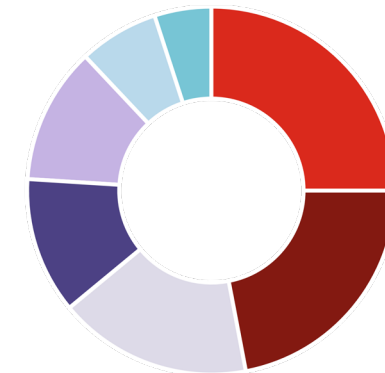


Oxford Economics: Industry output forecast
12/2019

Strong global market position and customers across diverse industries

	MARKET SIZE* (EUR billion)	KEY SEGMENTS	HIAB GLOBAL POSITION & TREND
LOADER CRANES 	~1.5	Construction and Logistics	#2 ↗
TAIL LIFTS 	~0.9	Retail Industry and Logistics	#2 ↗
DEMOUNTABLES 	~0.6	Waste and Recycling, Defense	#1 ↗
TRUCK MOUNTED FORK LIFTS 	~0.3	Construction and Logistics	#1 →
FORESTRY & RECYCLING CRANES 	~0.3	Timber, Pulp, Paper & Recycling	#2 →

Industry segment indicative sales mix 2018



Most important segments

- Construction and Building Material
- Delivery Logistic
- Waste & Recycling
- Timber, Paper & Pulp
- Defense Logistic
- Road & Rail
- Other

Attractive megatrends and growth drivers

MEGA TRENDS



MARKET GROWTH



KEY SEGMENTS



PRODUCT OFFERING



SERVICE SOLUTIONS



- **Urbanisation** and **Consumption** growth driving needs for efficiency
- **Digitalisation** and **Connectivity** enabling new **business** solutions
- **North America** and main **European** markets continue to grow
- **Developing markets** strong load handling equipment penetration potential
- **Construction, Waste & Recycling, Logistics** and **Governmental** business segments show continued growth projection
- **New applications** market and segment growth potential
- Developing for increasing demand in **Electrification** and **Automation**
- Growing demand for comprehensive **life-cycle service offerings** and tailored **business solutions**

Hiab's key growth drivers



Cranes

Gain market share in big loader cranes and crane core markets



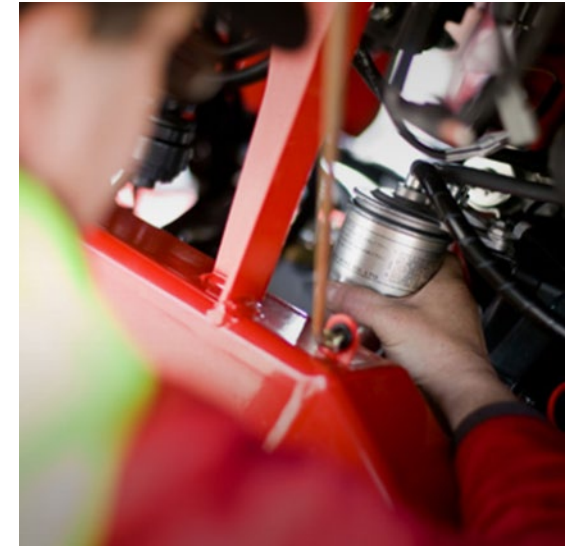
Tail lifts

Enter fast growing emerging markets and standardise and globalise business model



Truck-mounted forklifts

Accelerate penetration in North America and Europe



Services

Increase spare parts capture rates driven by connectivity and e-commerce

MacGregor



We are an active leader in all maritime segments

~2/3 of sales

~1/3 of sales

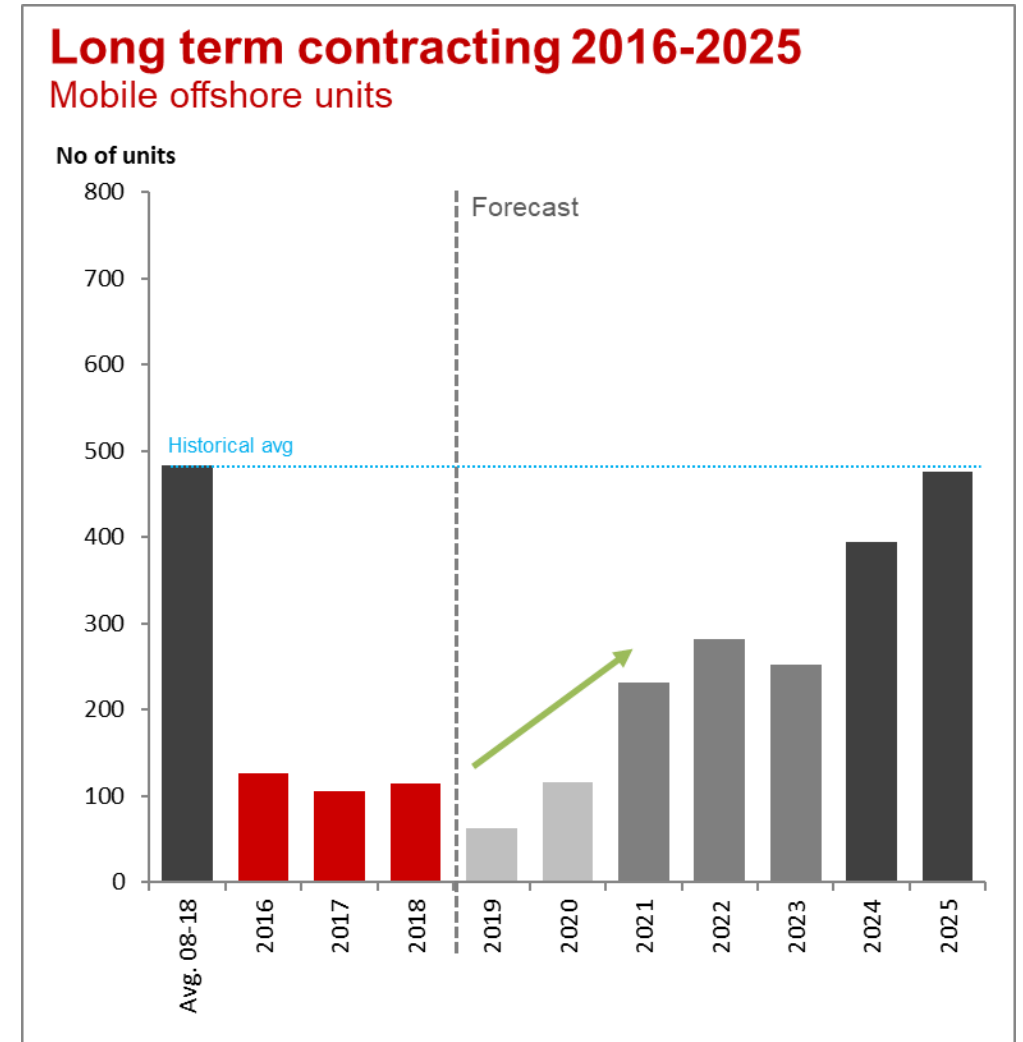
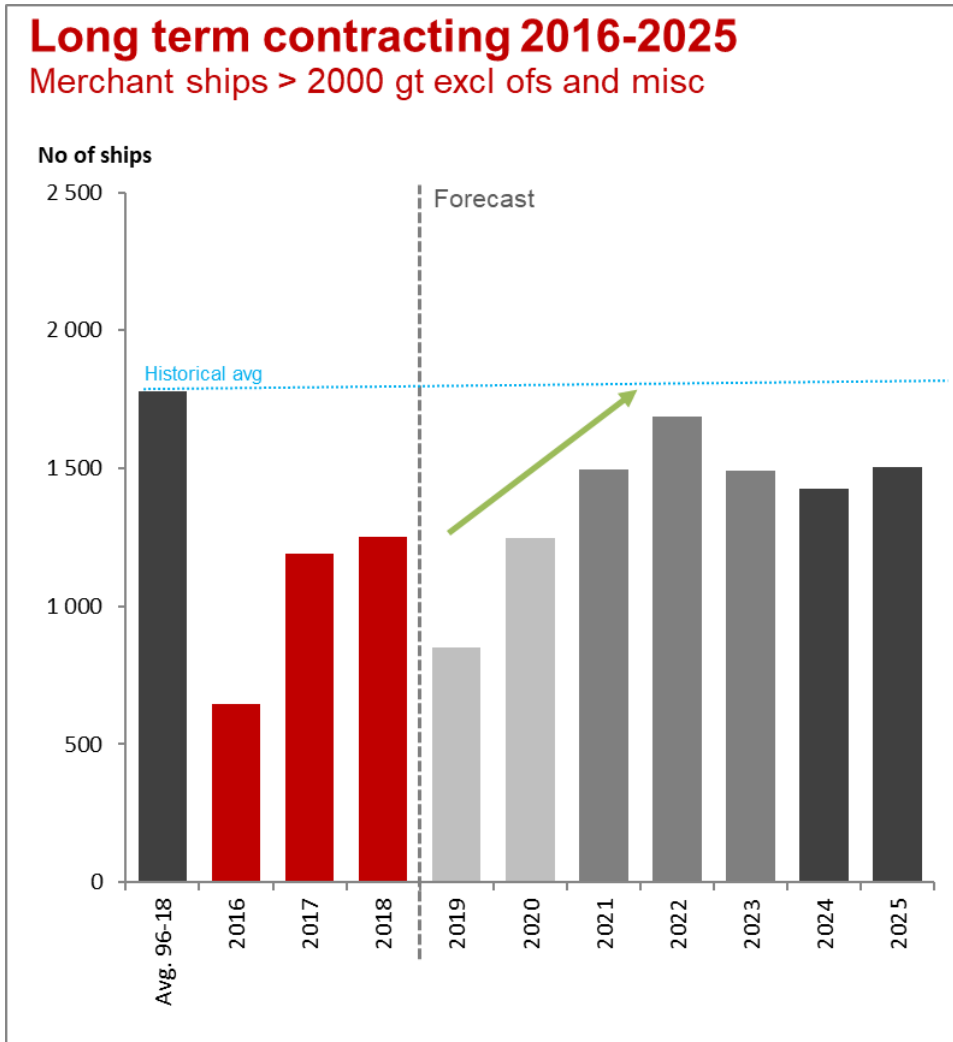
<p>Merchant Cargo Flow</p> <p>MARKET POSITION #1</p>	<p>Marine People Flow</p> <p>#1</p>	<p>Naval Logistics and Operations</p> <p>#1-2</p>	<p>Offshore Energy</p> <p>#1</p>	<p>Marine Resources & Structures</p> <p>#1-2</p>
<ul style="list-style-type: none"> ▪ Container cargo ▪ Bulk cargo ▪ General cargo ▪ Liquid cargo ▪ RoRo cargo 	<ul style="list-style-type: none"> ▪ Ferry ▪ Cruise ▪ Superyachts 	<ul style="list-style-type: none"> ▪ Naval & Military Supplies Logistics ▪ Naval & Military Operations Support ▪ Ship-to-ship transfer 	<ul style="list-style-type: none"> ▪ Oil & Gas ▪ Renewables 	<ul style="list-style-type: none"> ▪ Research ▪ Fishery ▪ Aquaculture ▪ Mining

Lifecycle Services

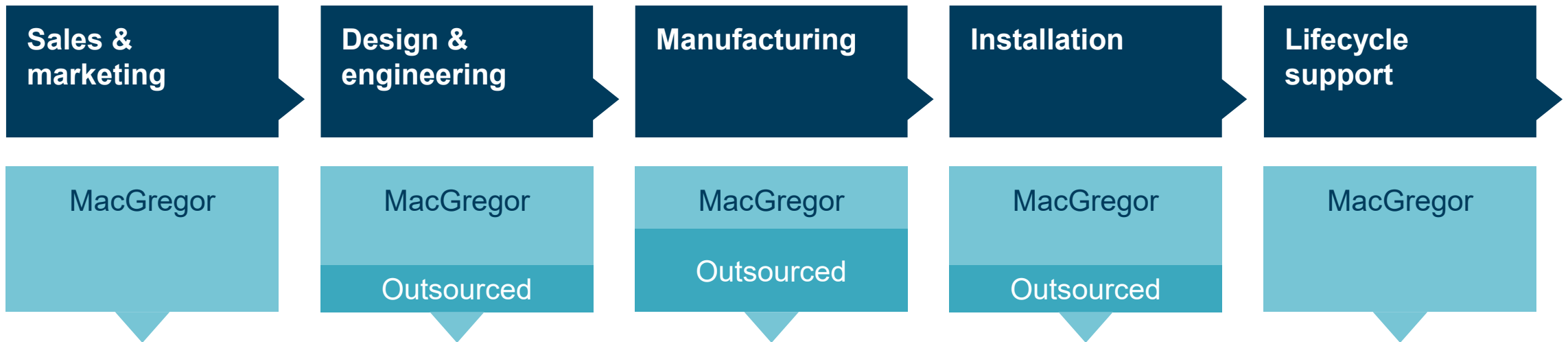


Picture: Equinor

Merchant Ships and Offshore contracting activity below historical levels



MacGregor's asset-light business model gives flexibility



Cost-efficient scaling

90% of manufacturing outsourced

30% of design and engineering capacity outsourced

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

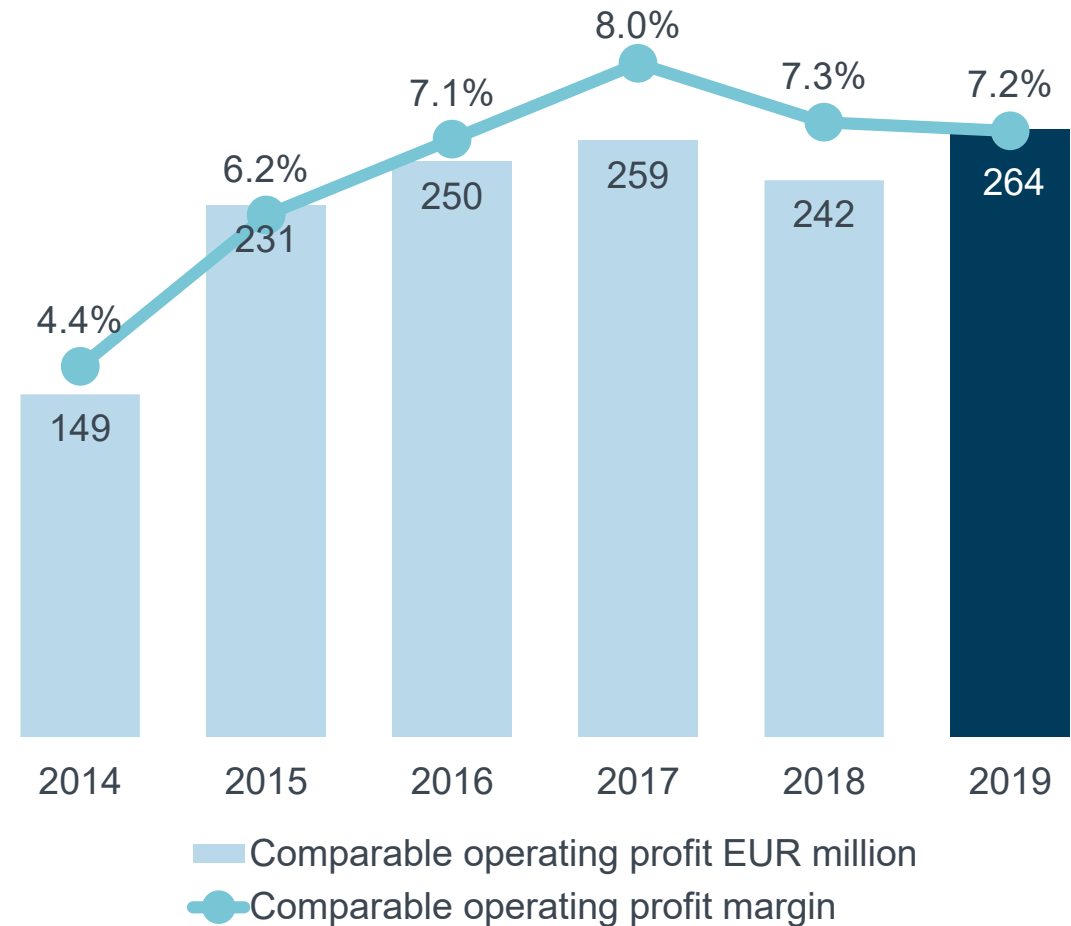


Recent progress



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

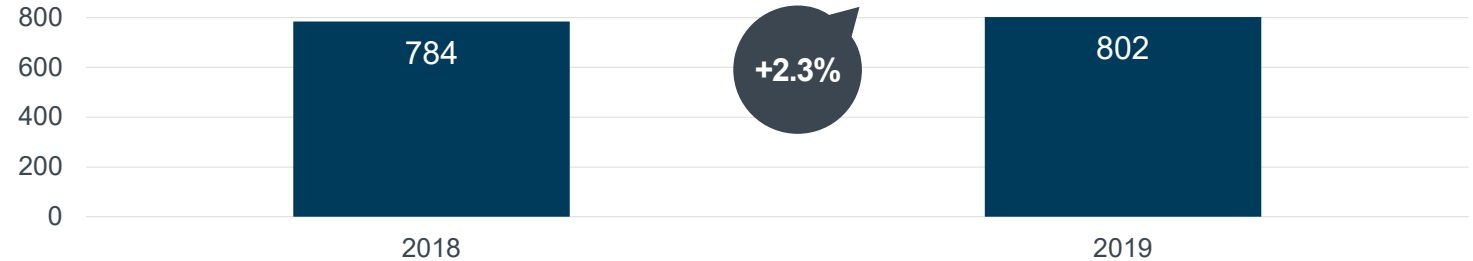
- Customers are starting automation projects mainly with phased investments

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

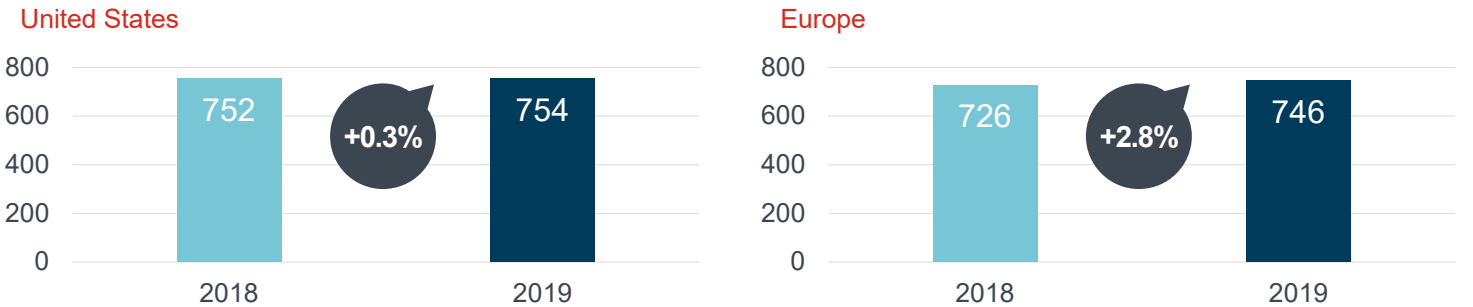
Global container throughput (MTEU) – Key driver for Kalmar

Source: Drewry



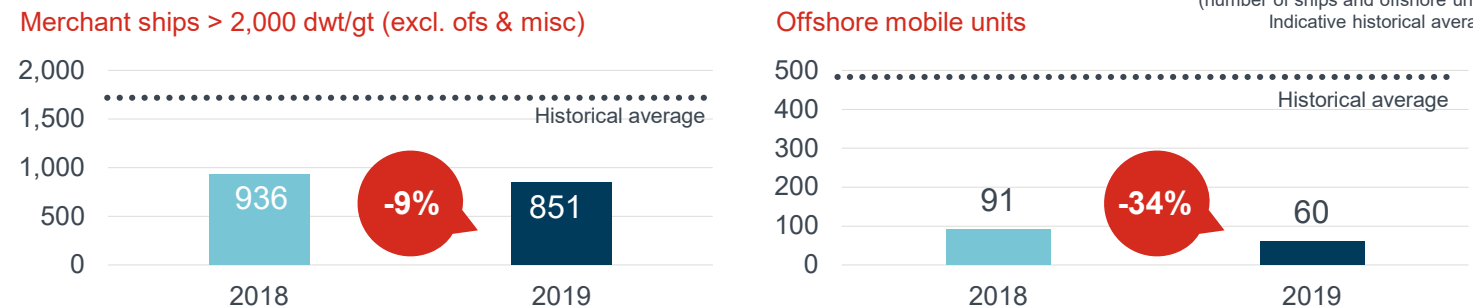
Construction output – Key driver for Hiab

Source: Oxford Economics

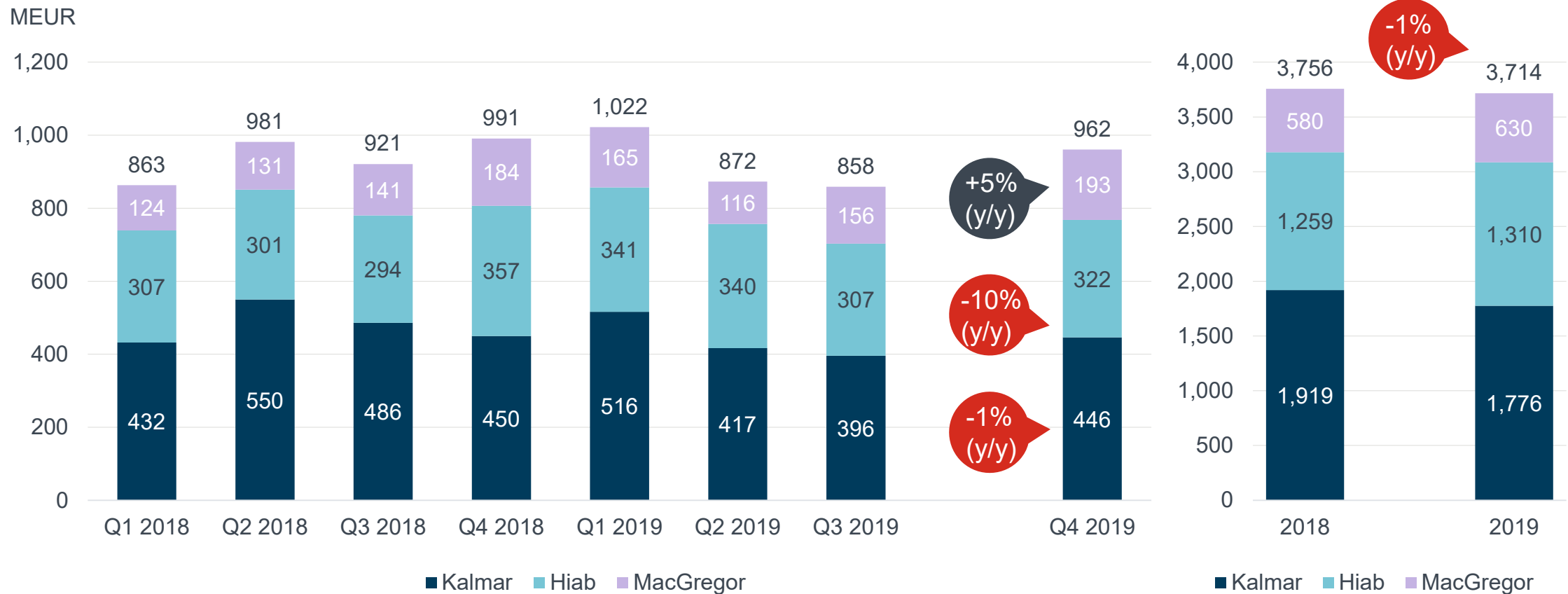


Long term contracting – Key driver for MacGregor

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



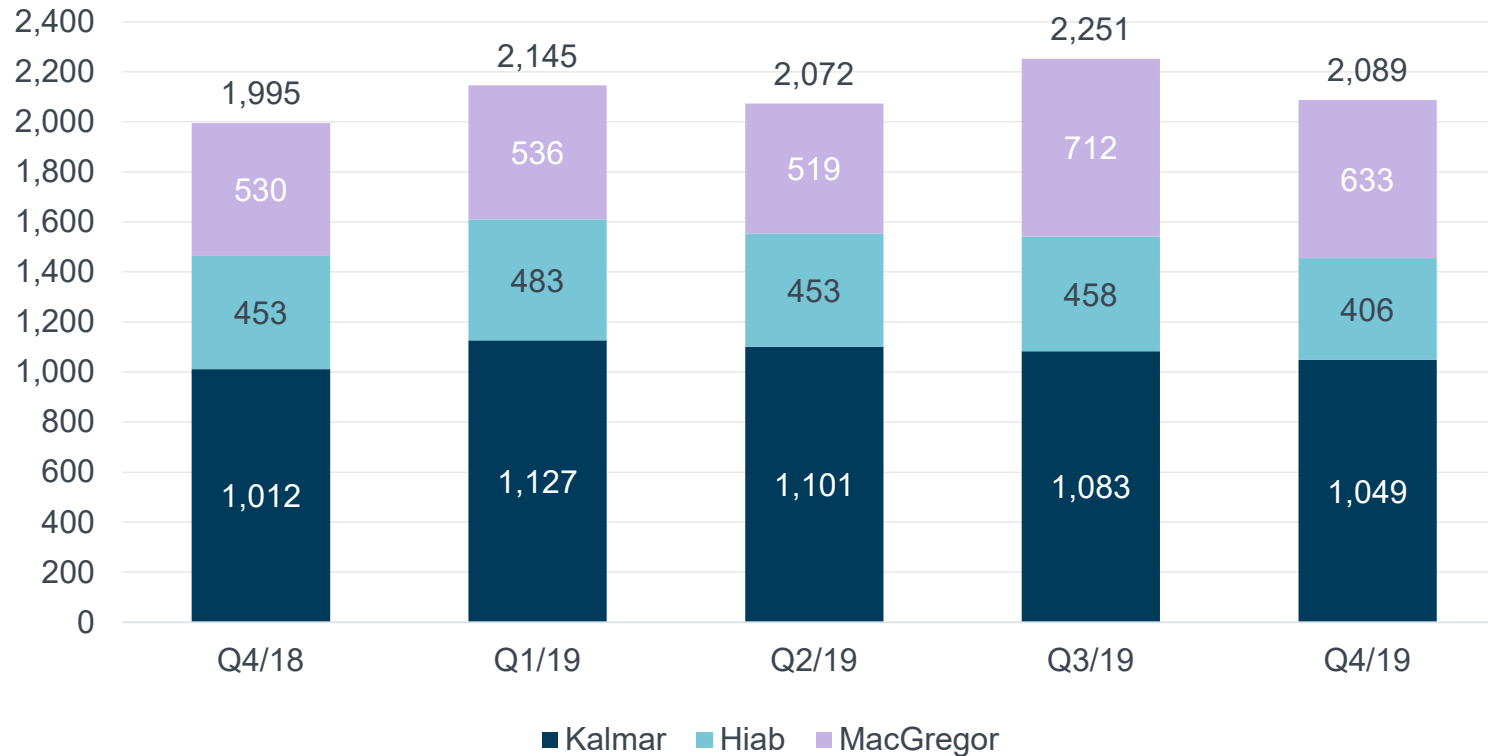
Orders received remained at a high level in 2019



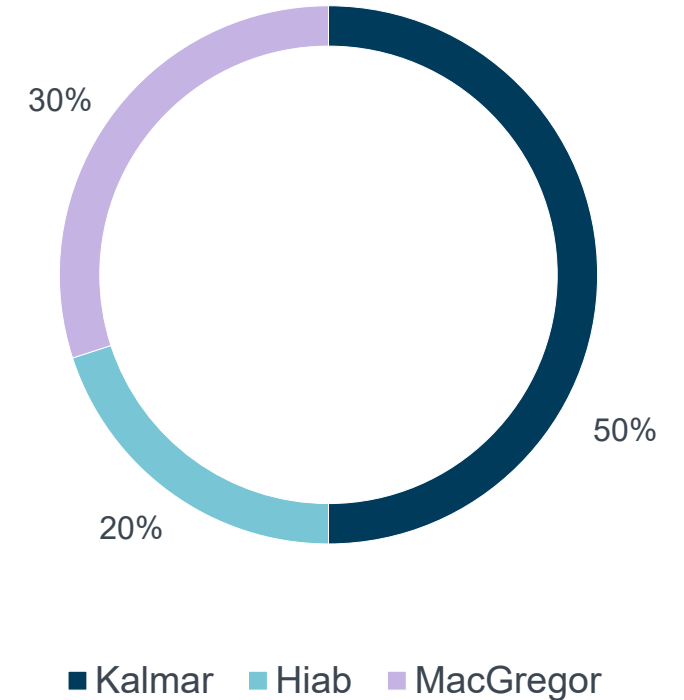
Order book increased compared to 2018, driven by MacGregor and Kalmar

Order book

MEUR



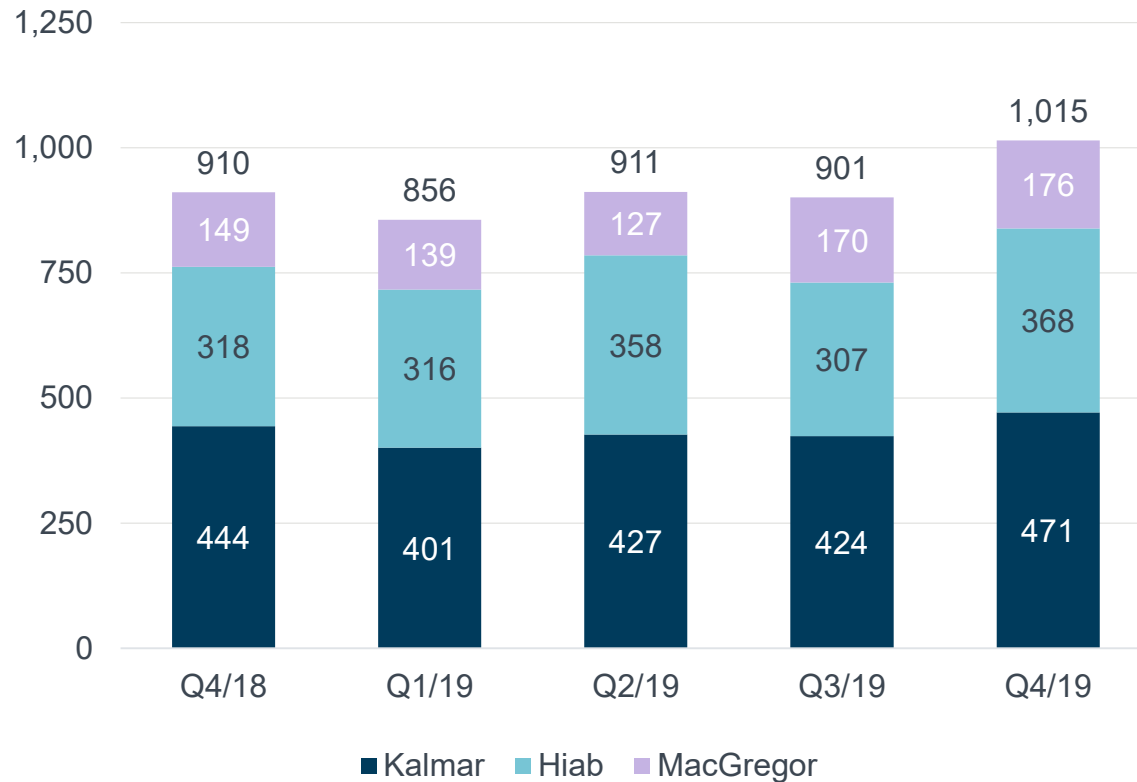
Order book by reporting segment, Q4 2019



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

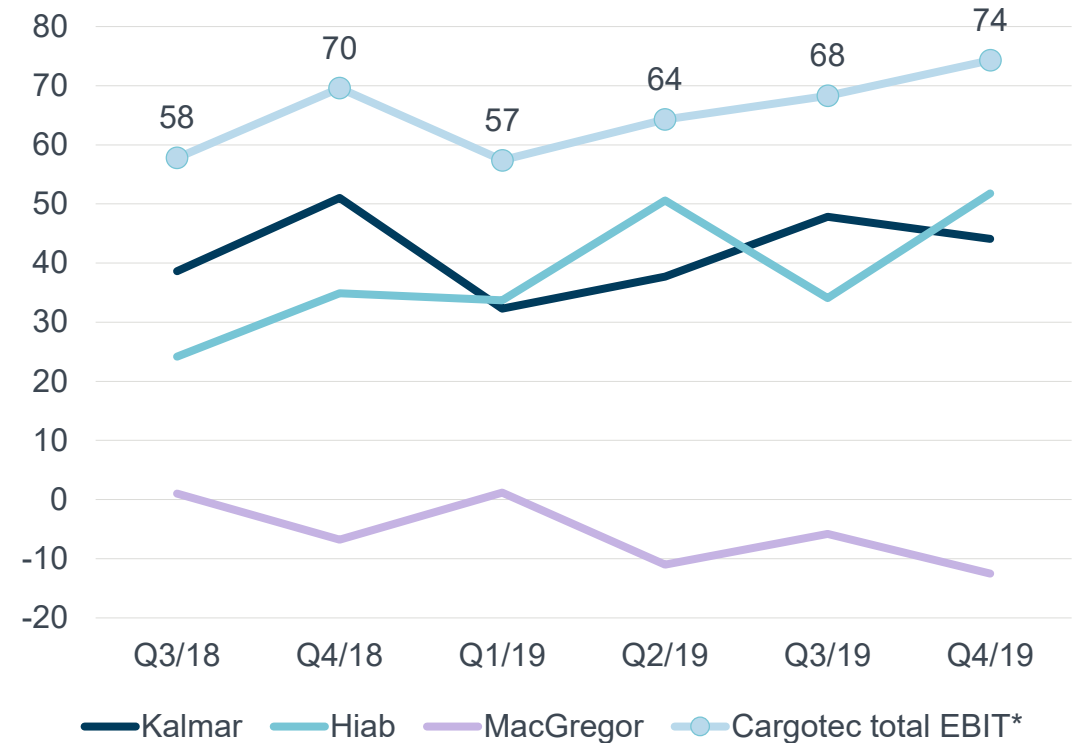
Sales

MEUR



Comparable operating profit

MEUR

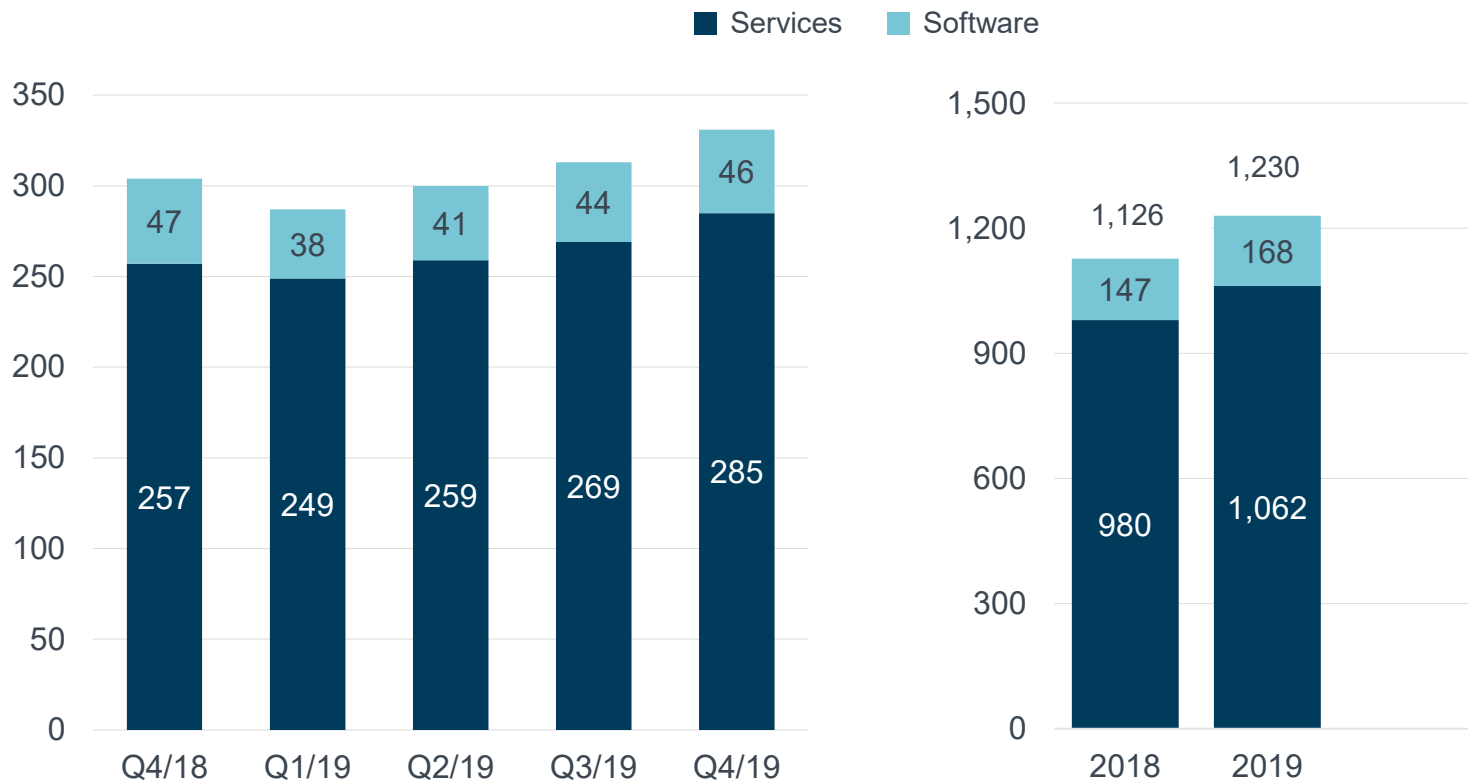


*) Including Corporate admin and support

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

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%)

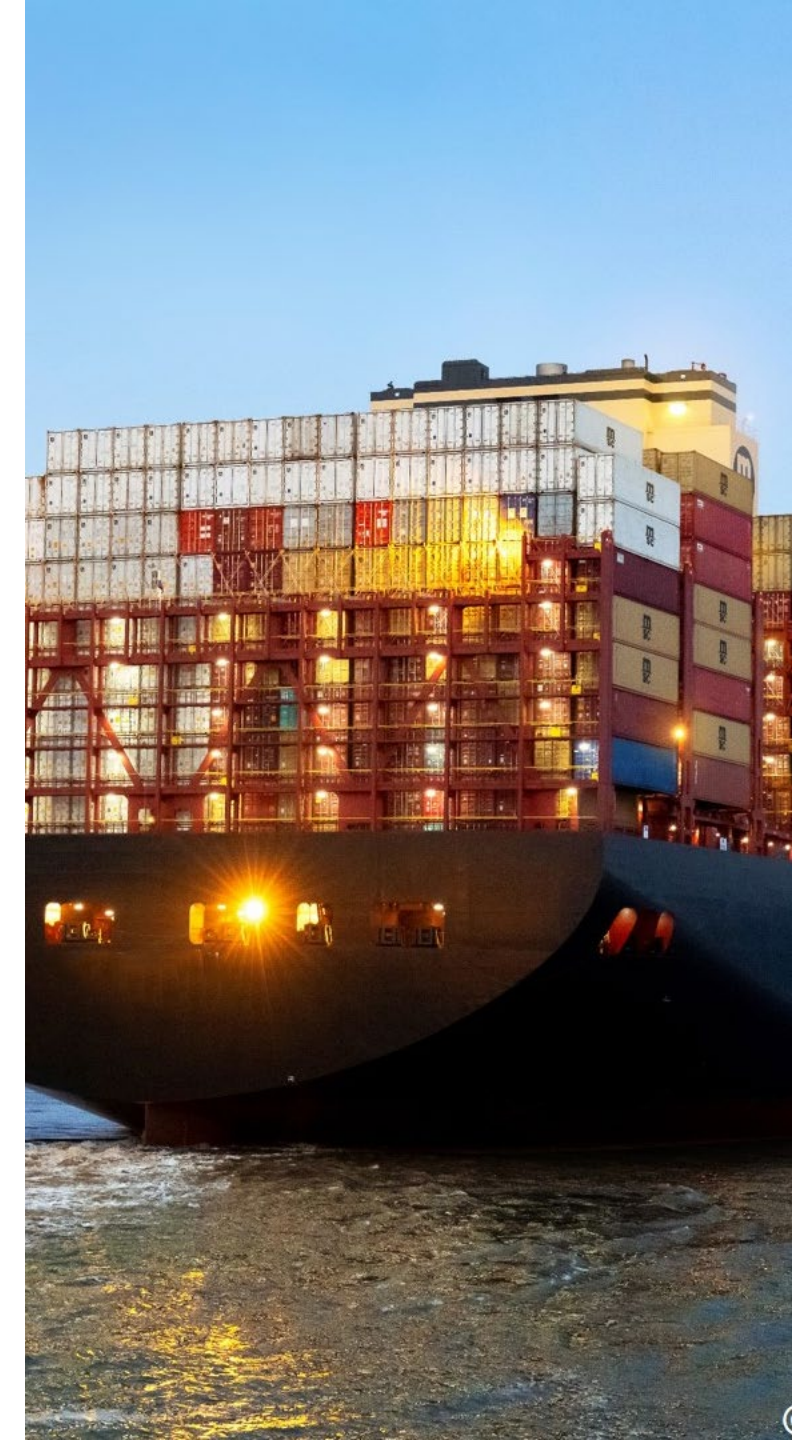
Sales increased by 18%

- 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	193	184	+5%
Order book	633	530	+20%
Sales	176	149	+18%
Comparable operating profit	-13	-7	-84%
Comparable operating profit margin	-7.1%	-4.6%	-255bps



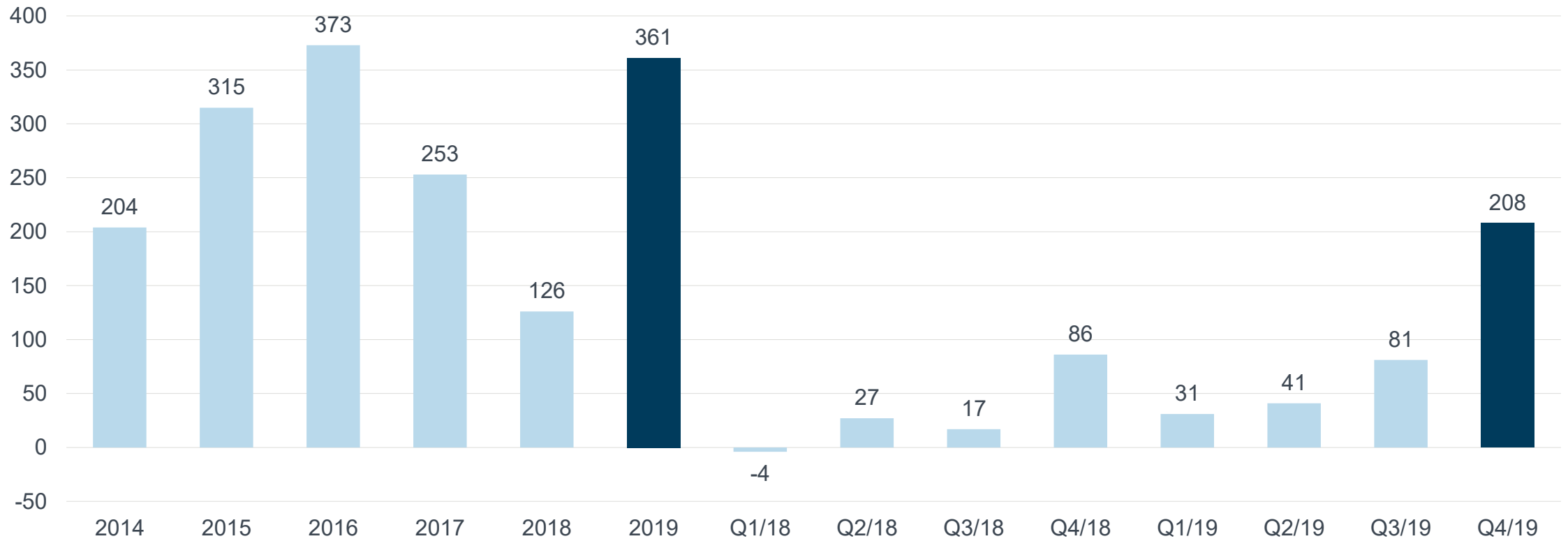
Key figures – EPS burdened by restructuring costs

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

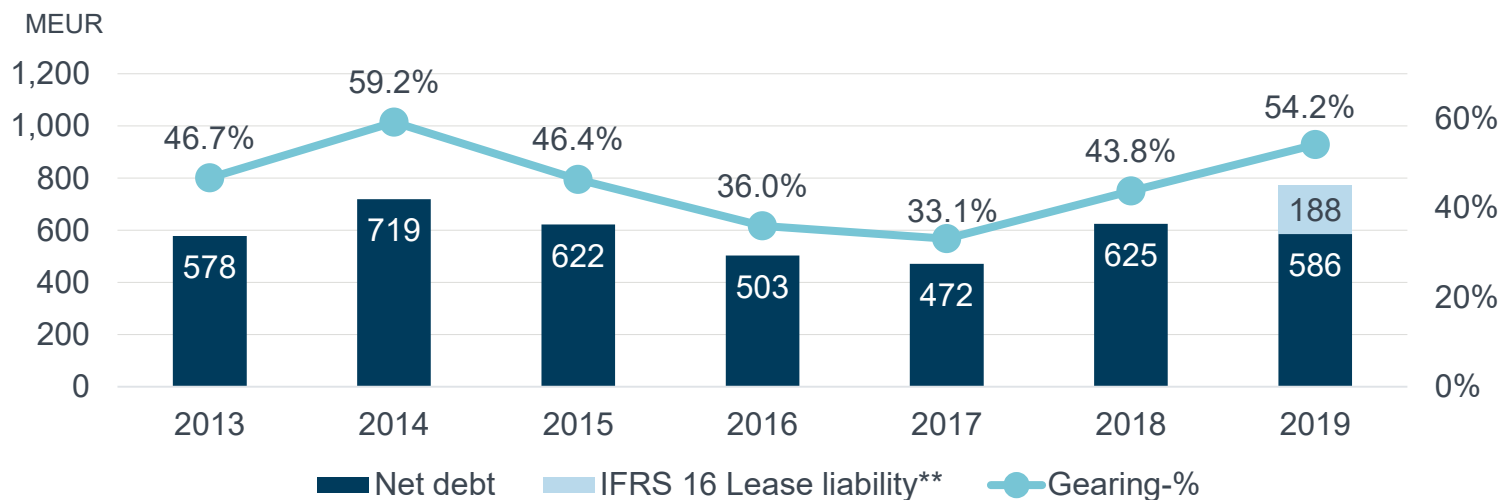
Total shareholders' equity EUR 1,427 million (1,429)

- Equity/total assets 36.4% (40.9%)

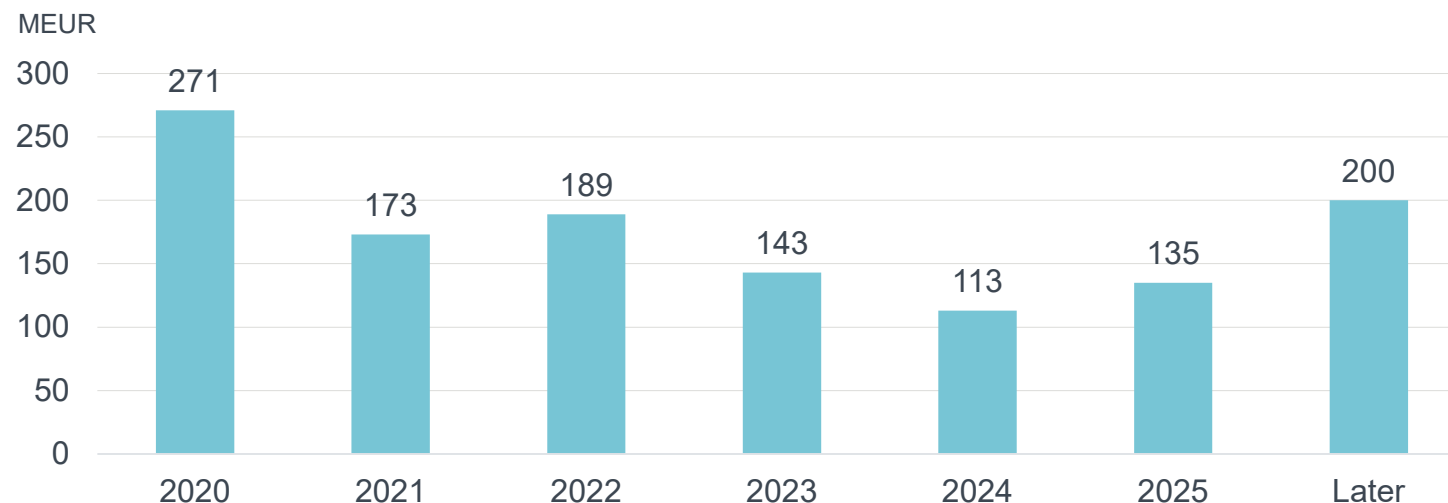
Balanced maturity profile

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

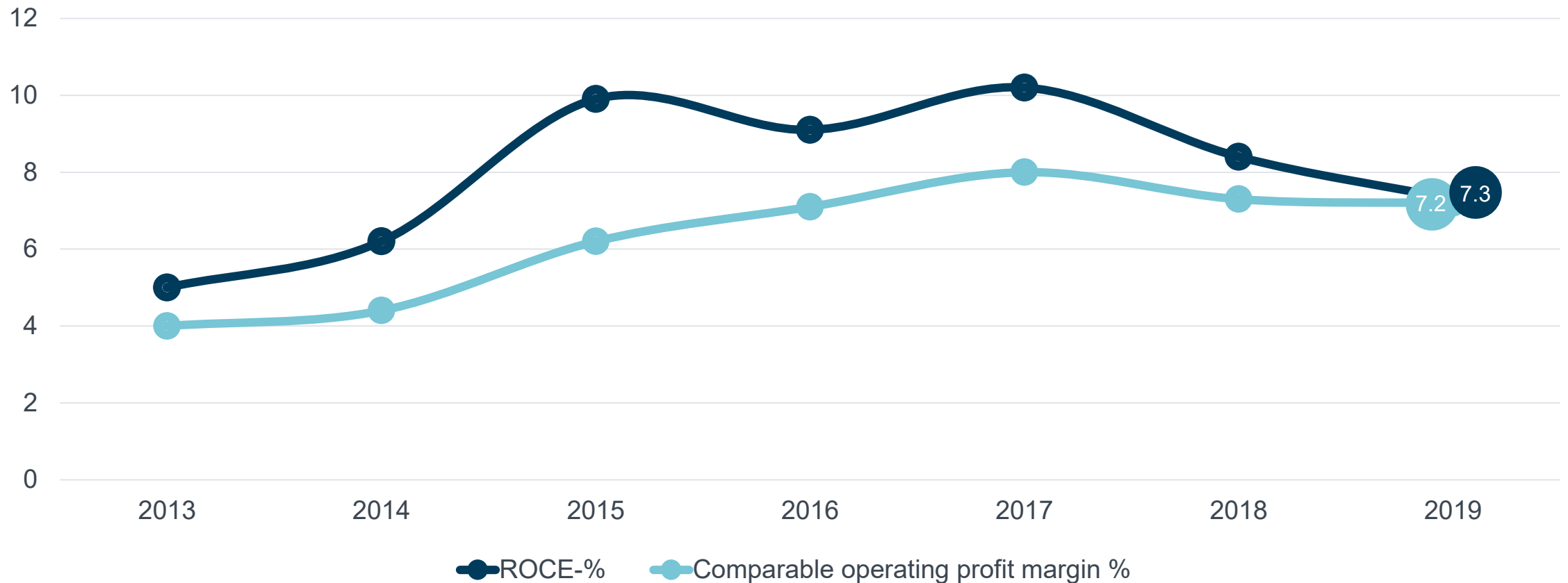
Net debt and gearing



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.



Outlook for 2020

On 27 March 2020, Cargotec lowered its 2020 financial outlook (given on 6 February 2020) and withdrew its guidance for 2020

Cargotec updated its outlook for 2020 due to the coronavirus pandemic and related political decisions and administrative restrictions. In the current exceptional situation Cargotec estimated that it is not able to give a guidance for the year 2020.

Cargotec publishes a new guidance at a later date.

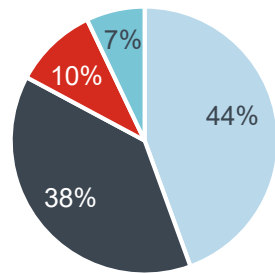
Service sales growth on track towards our targets

Cargotec service sales totalled EUR 1,062 million in 2019

- Spare parts the biggest category, around 47% of total service sales
- Maintenance around 31% of total service sales

Kalmar

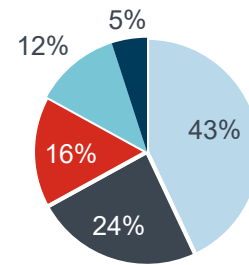
MEUR	2019
Service orders received	473
Service sales	464



■ Spare parts ■ Maintenance
■ Fleet management ■ Upgrade projects

Hiab

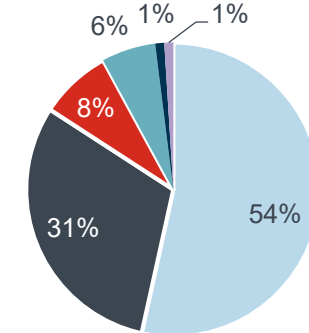
MEUR	2019
Service orders received	336
Service sales	343



■ Spare parts ■ Maintenance
■ Installations ■ Accessories
■ Used equipment

MacGregor

MEUR	2019
Service orders received	271
Service sales	255



■ Spare parts ■ Maintenance
■ Running supply ■ Projects
■ Cargo Boost ■ RoRo conversions

* Target announced in September 2017

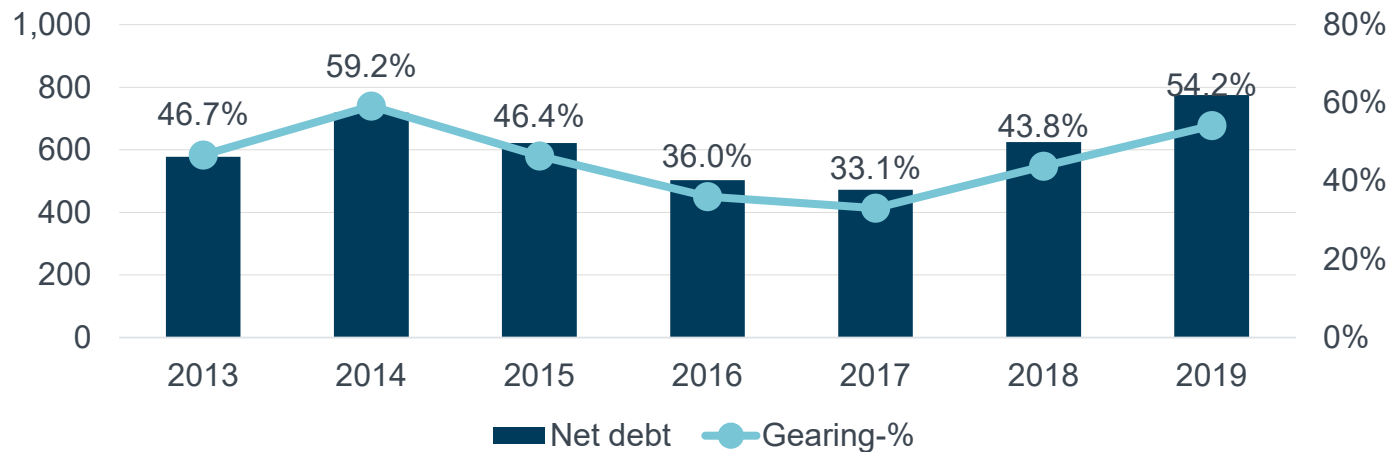
M&A strategy focusing on bolt-on acquisitions

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

MEUR



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

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

Consolidated sales in 2019 EUR 50 million and operating profit at break-even level (1.8-31.12.2019)

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

TTS product portfolio

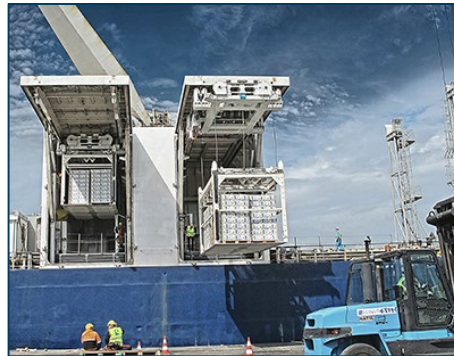
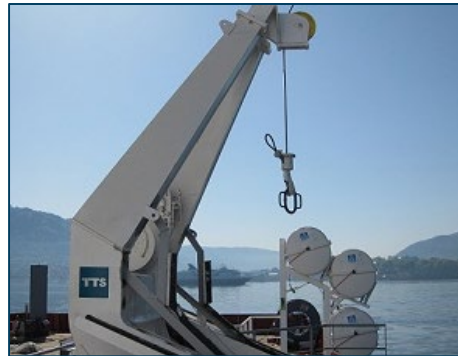
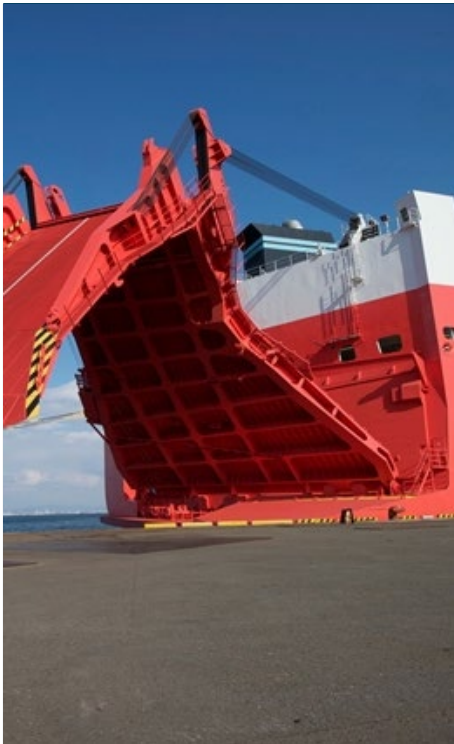
RoRo, Cruise & Navy

Container, Bulk &
Tank Vessels

Multipurpose &
General Cargo

Offshore Vessels

Services



Group wide EUR 50 million cost savings programme proceeding faster than expected

WHY

- Investments in common systems as enabler
- EUR ~600 million addressable indirect cost base

WHAT

- Reductions in indirect purchasing spend (EUR 30 million), and more efficient support functions (EUR 20 million)

HOW

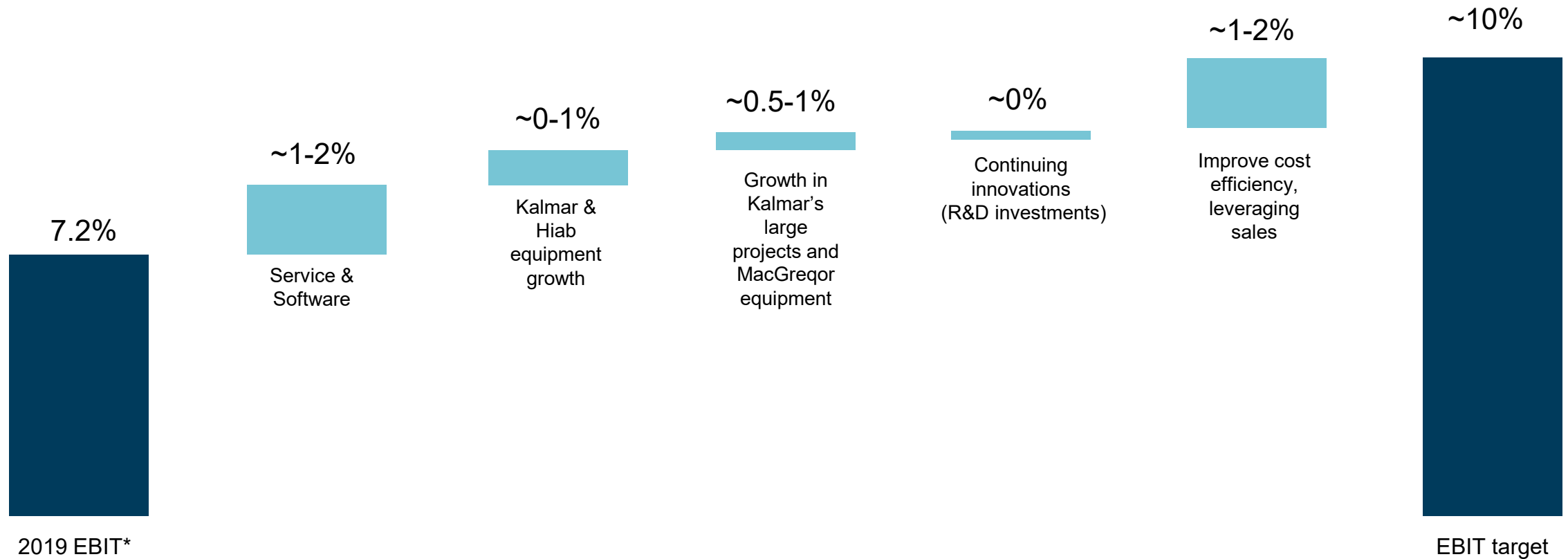
- Central procurement organization to drive indirect procurement cost and efficiency
- Support function services centre in Sofia, Bulgaria officially opened 30 January 2018
- Automation in Finance, HR, information management and procurement

RESULTS

- EUR 41 million savings realised since the beginning of the programme in 2017.
- The remaining part of the savings is expected to be achieved in 2020.



Our target is to reach 10% EBIT

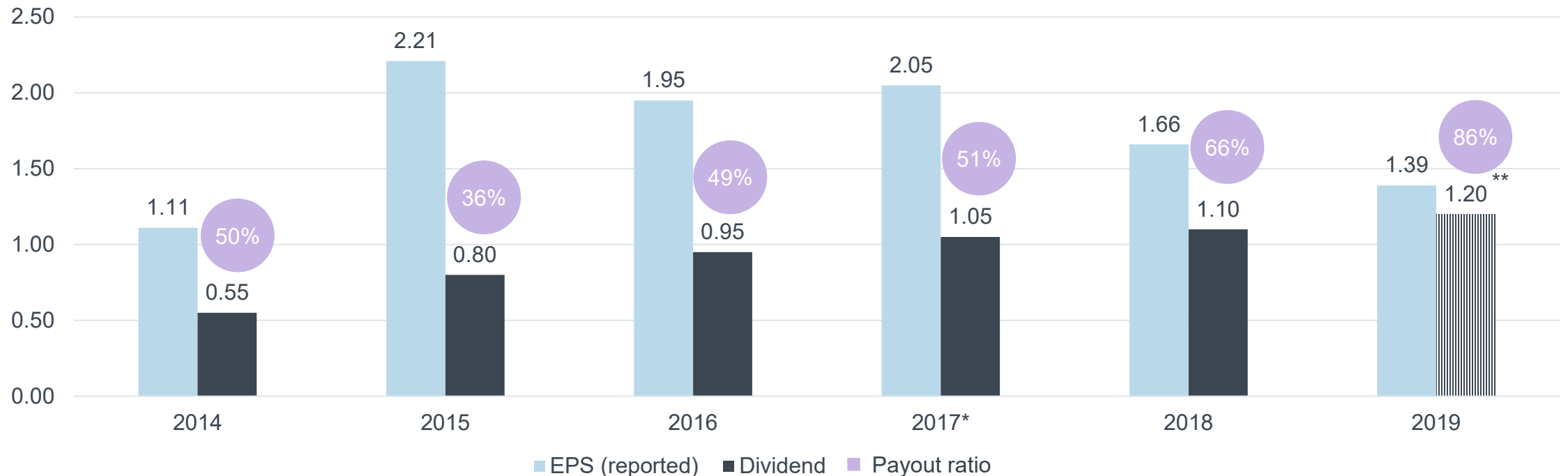


Target announced in September 2017, target to be reached in 3-5 years
*Comparable operating profit

Dividend has been increasing since 2013**

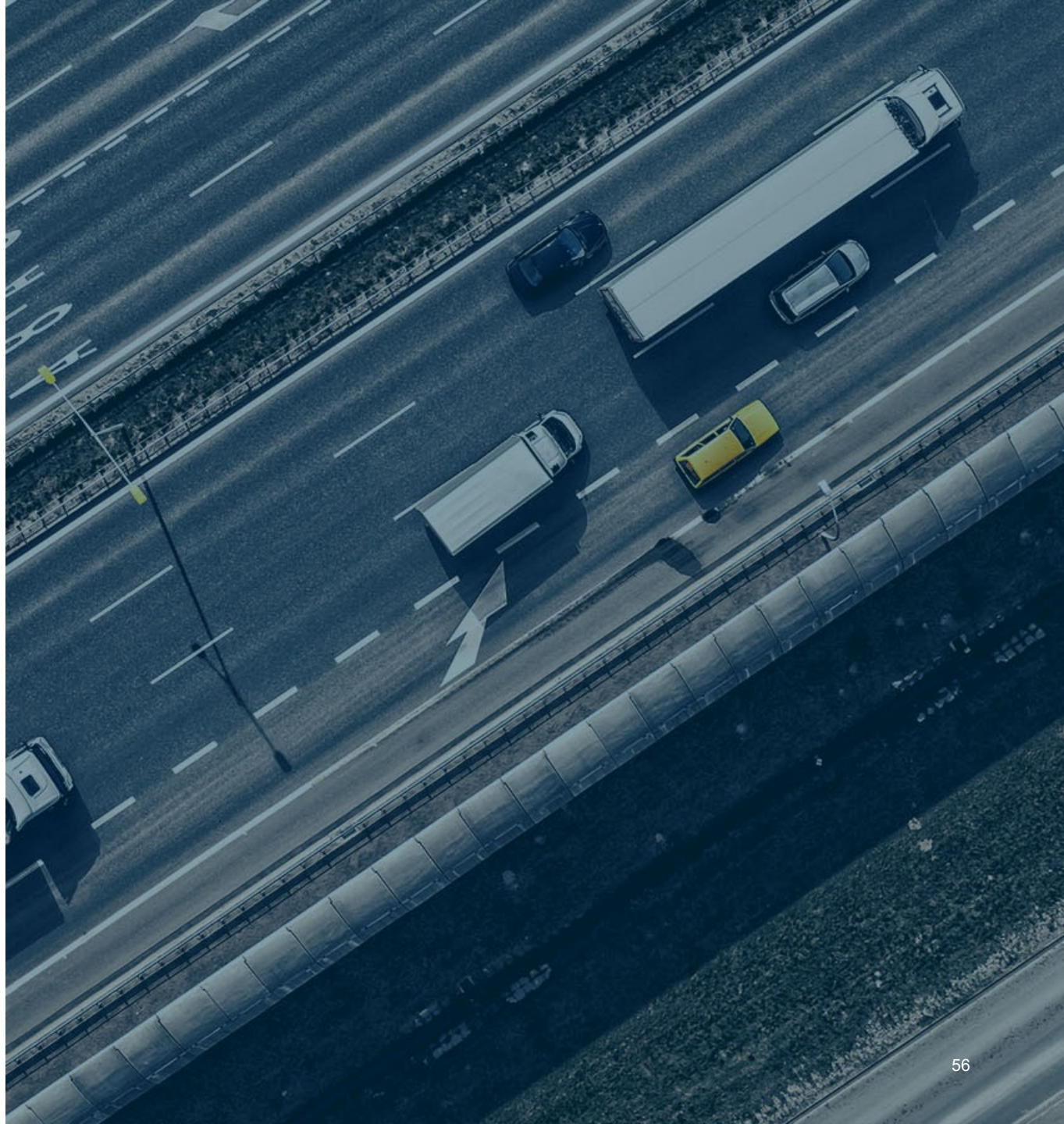
Original dividend proposal to AGM for 2019 was EUR 1.20 dividend per B share for 2019**, to be paid in two EUR 0.60 instalments**. Based on the development of the coronavirus (COVID-19) situation and the announcement by the Finnish Government on 16 March 2020, Cargotec decided to cancel its 17 March 2020 Annual General Meeting and move it to a later stage. New invitation to AGM will be published later.

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



Appendix

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

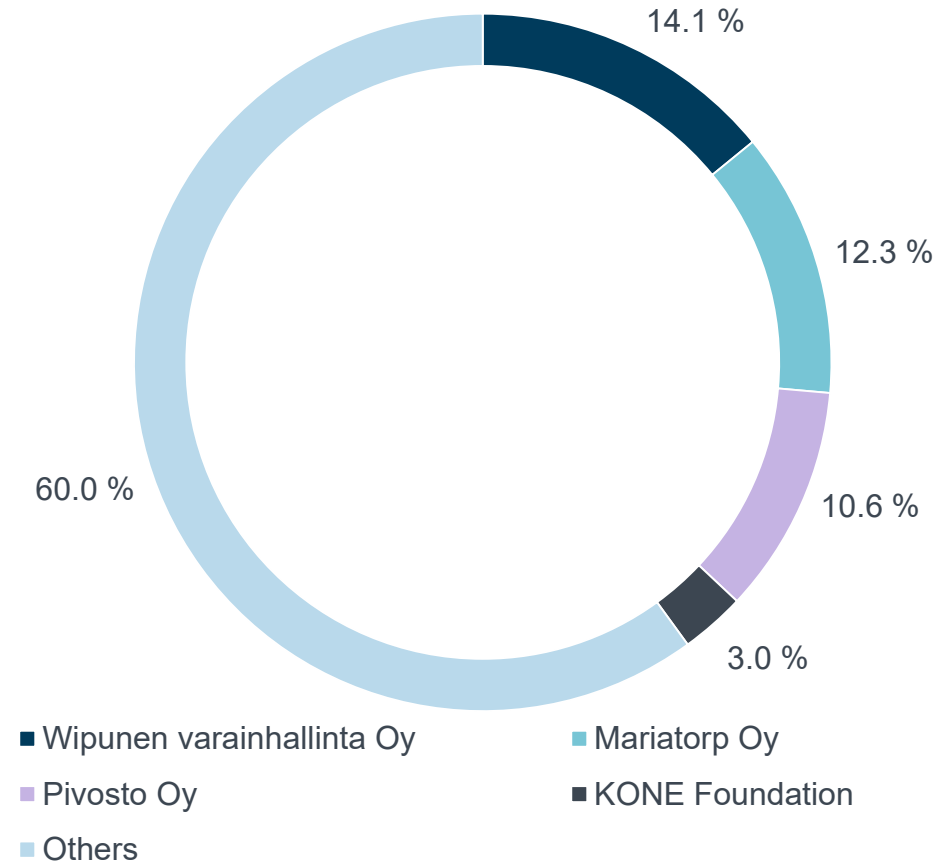


Largest shareholders

29 February 2020

		% 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	2.2	1.0
6.	Varma Mutual Pension Insurance Company	1.8	0.8
7.	The State Pension Fund	1.2	0.5
8.	Elo Mutual Pension Insurance Company	1.0	0.5
9.	Mandatum Life Insurance Company Ltd.	0.8	0.3
10.	Herlin Heikki Juho Kustaa	0.6	0.3
Nominee registered and non-Finnish holders		26.44	
Total number of shareholders		25,126	

% of shares



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.

Examples of our wide equipment offering



Reachstacker



Straddle carrier



Loader crane



Terminal tractor



Container handler



Hooklift, Skiploader



Forklift truck



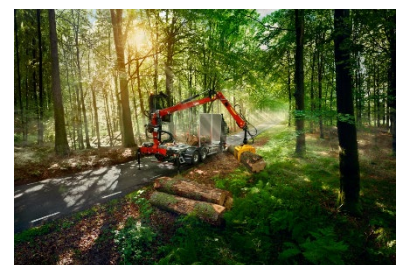
Automatic stacking crane



Truck-mounted forklift



Taillift



Recycling and forestry cranes



Cranes



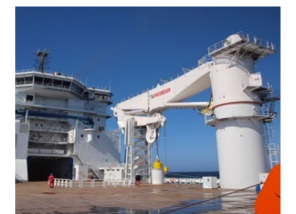
Hatch covers,
container lashings



Deck machinery



Marine self-unloaders



Offshore load handling

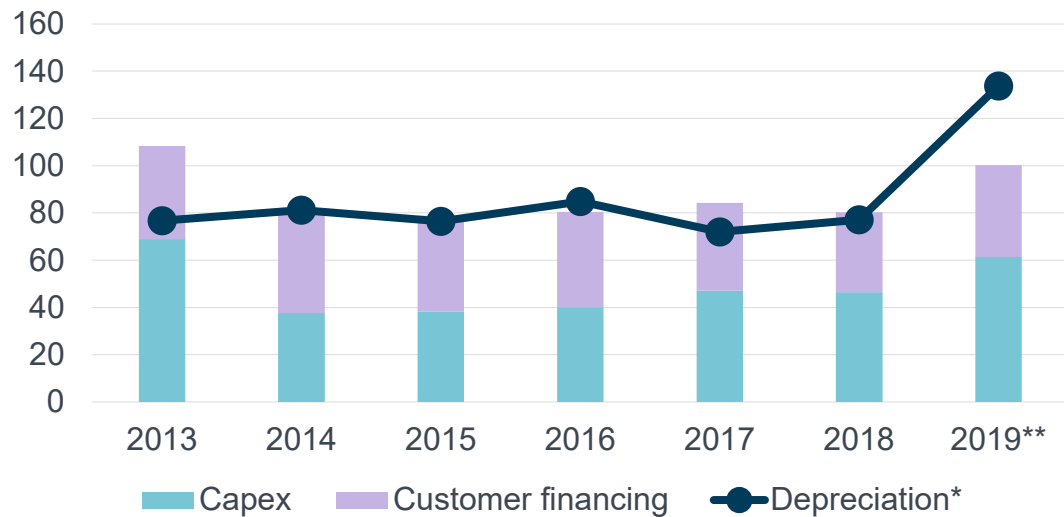


Mooring systems

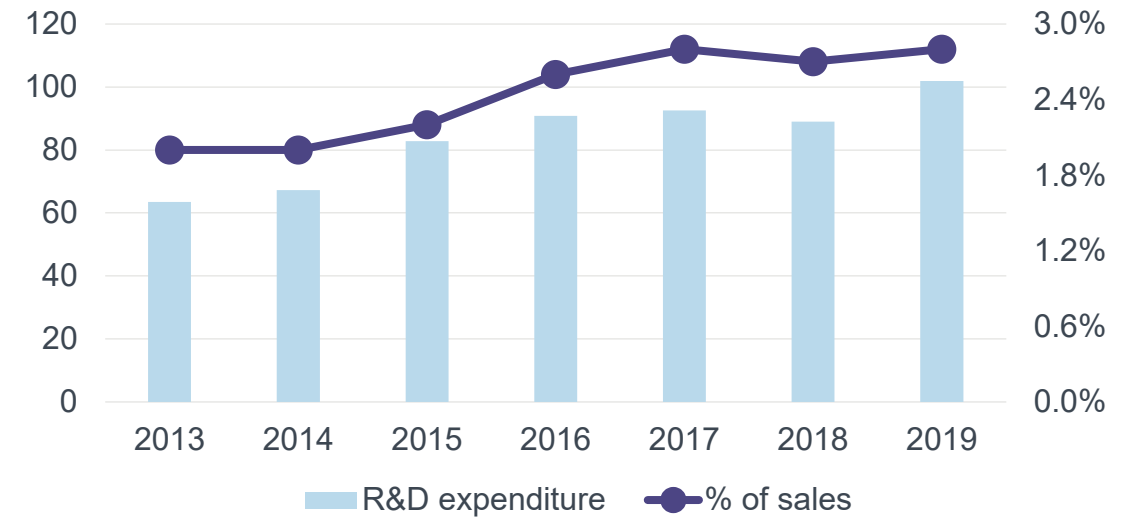


Capex and R&D

Capital expenditure



Research and development



Main capex investments:

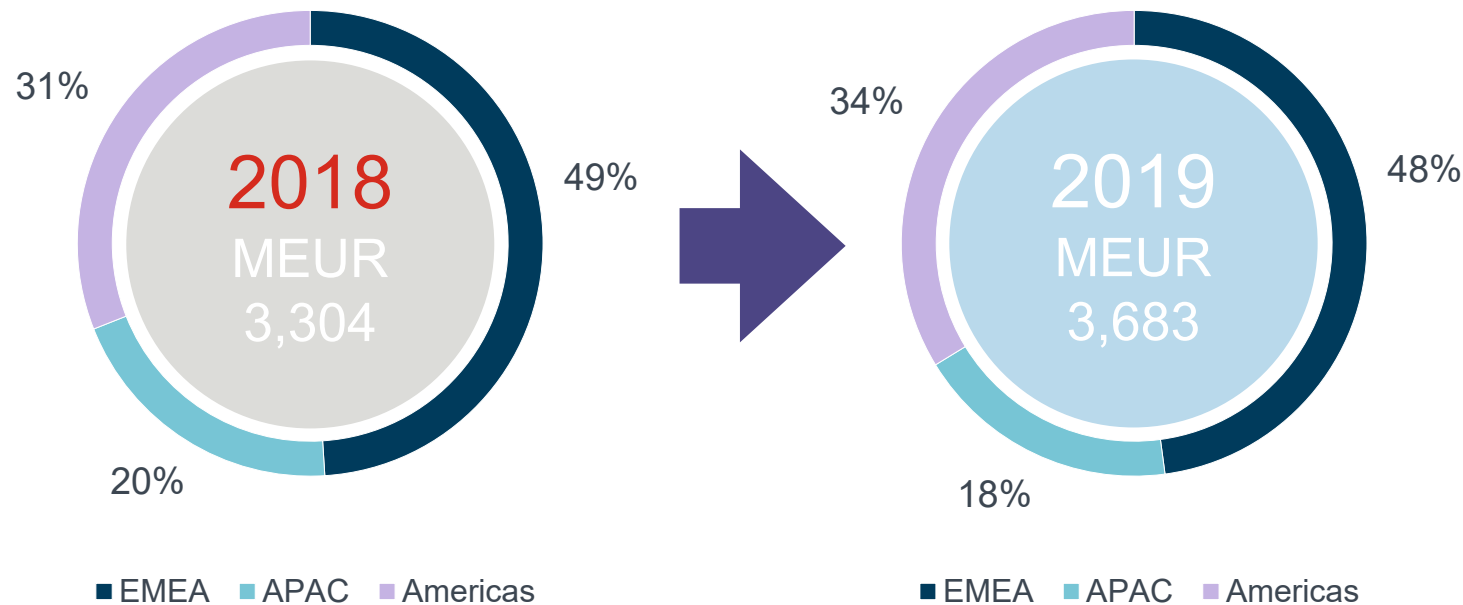
- Kalmar innovation centre in Ljungby, Sweden
- Investments in multi-assembly units in Kalmar and Hiab
- Intangible assets, such as global systems to improve efficiency in operational activities and support functions

R&D investments focused on

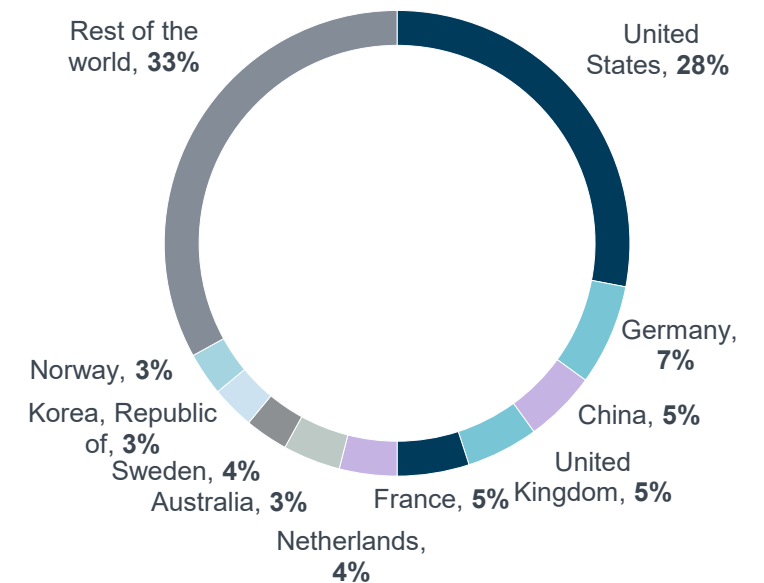
- Digitalisation
- Competitiveness, cost efficiency and eco-efficiency of products

*) Including amortisations and impairments
 **) depreciation increased due to IFRS 16 implementation

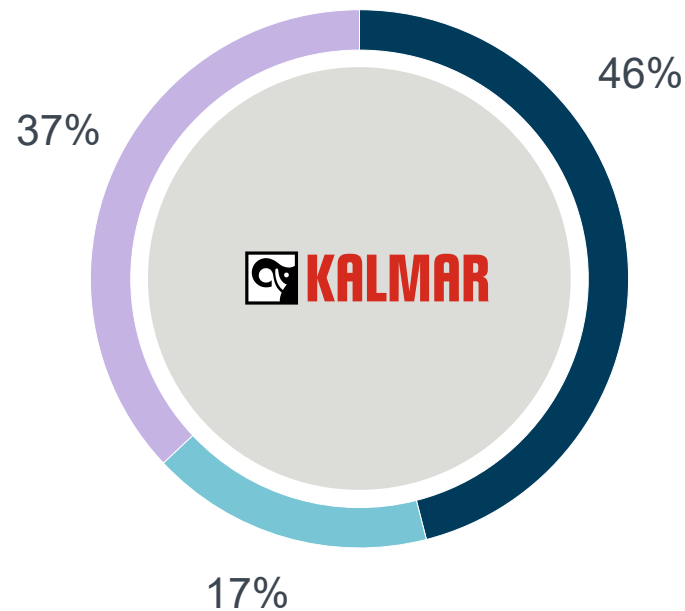
Well diversified geographical sales mix



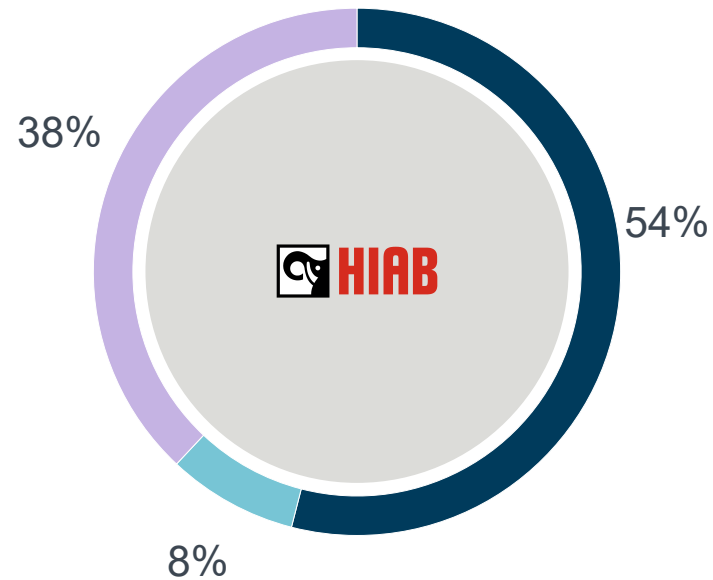
Top-10 countries by customer location



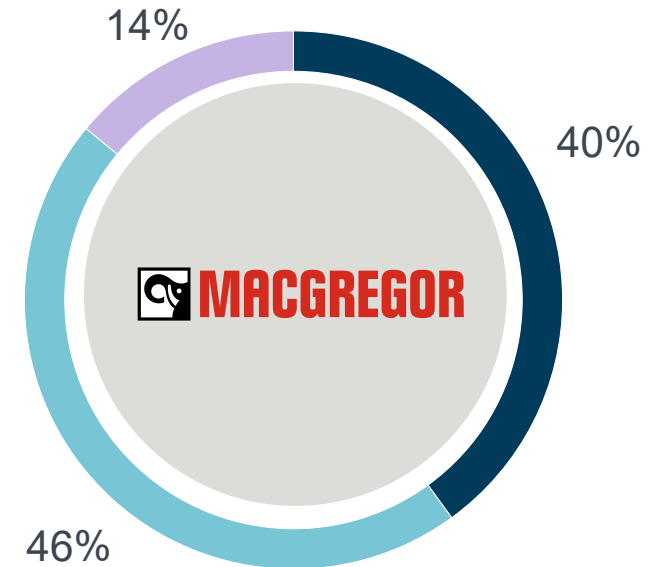
Sales by geographical segment by business area 2019



■ EMEA ■ APAC ■ Americas



■ EMEA ■ APAC ■ Americas



■ EMEA ■ APAC ■ Americas

Cargotec's R&D and assembly sites



EMEA

- Arendal, Norway (MacGregor R&D)
- Argelato, Italy (Hiab/Effer)
- 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.)
- Örnsköldsvik, Sweden (MacGregor WS + WH + R&D)
- Hudiksvall, Sweden (Hiab R&D)
- Kaarina, Finland (MacGregor R&D)
- Minerbio, Italy (Hiab/Effer)
- Raisio, Finland (Hiab prod.)
- Statte, Italy (Hiab/Effer)
- Tampere, Finland (Kalmar WS + R&D)
- Ljungby, Sweden (Kalmar R&D)

APAC

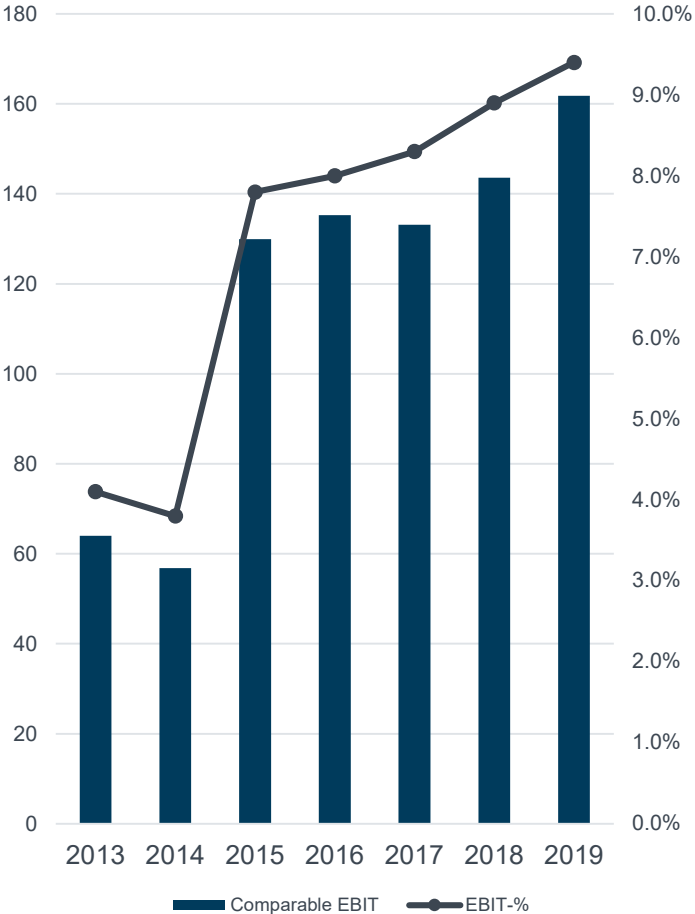
- Chungbuk, South Korea (Hiab prod.)
- Bangalore, India (Kalmar prod. + R&D)
- Chennai, India (Navis–Kalmar R&D)
- Ipoh, Malaysia (Bromma prod.)
- Shanghai, China (Kalmar prod. + WH)
- Busan, South Korea (MacGregor prod.)
- Singapore, (R&D)

Americas

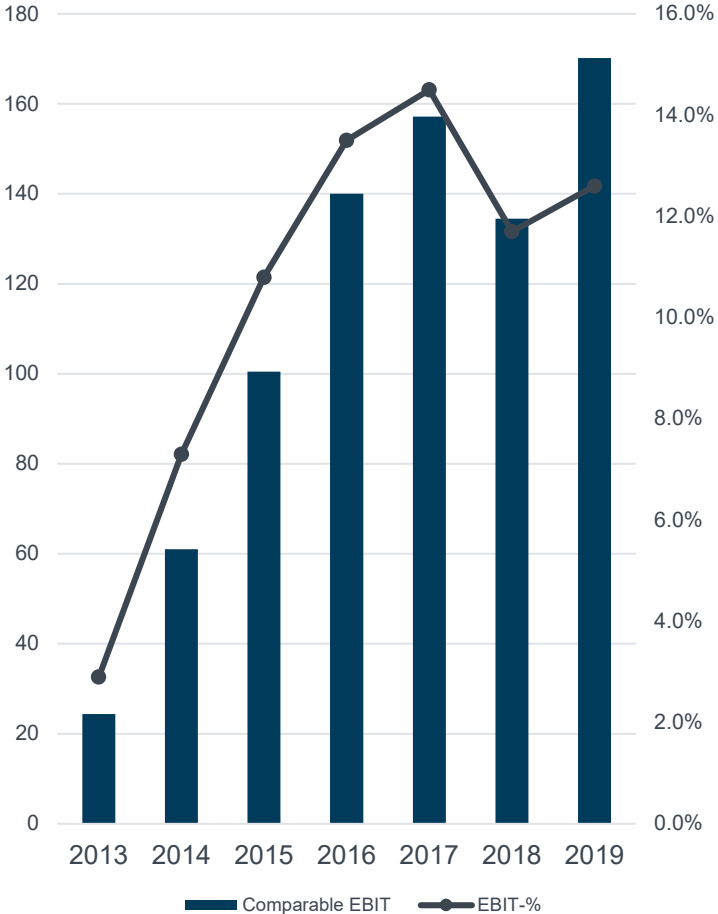
- North America
 - Ottawa, Kansas (Kalmar prod.)
 - Oakland, California (Kalmar R&D)
 - Tallmadge, Ohio (Hiab prod.)
- South America
 - Santo Antonio da Patrulha, Brazil (Hiab prod.)

Comparable operating profit development

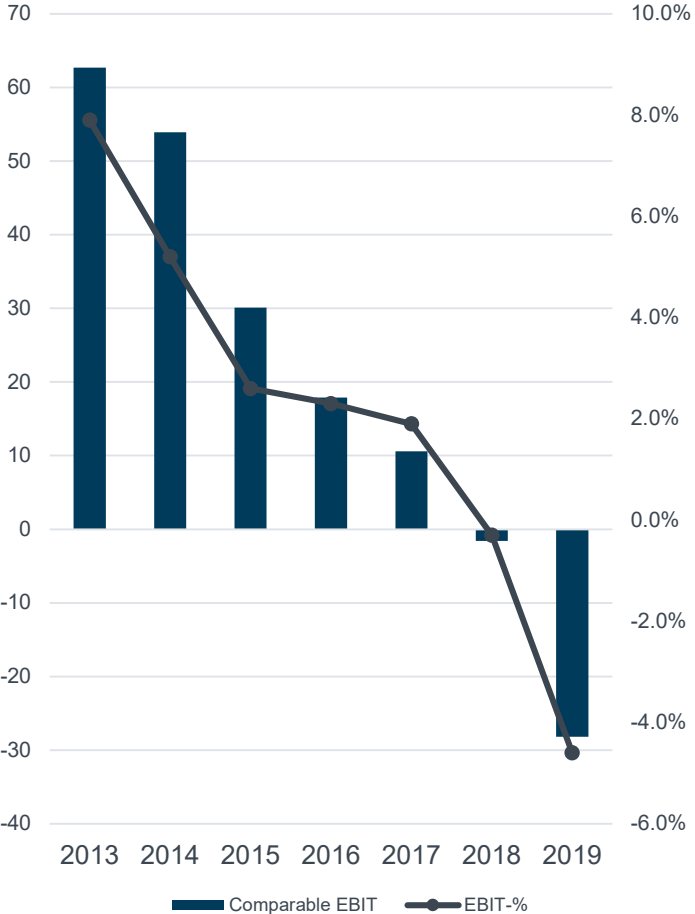
Kalmar



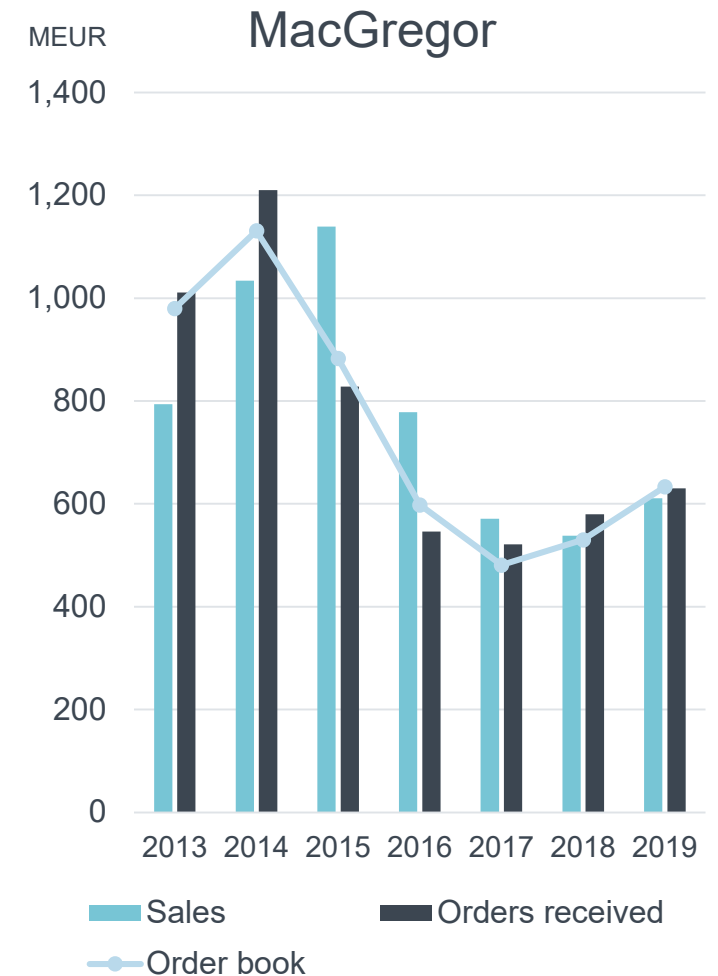
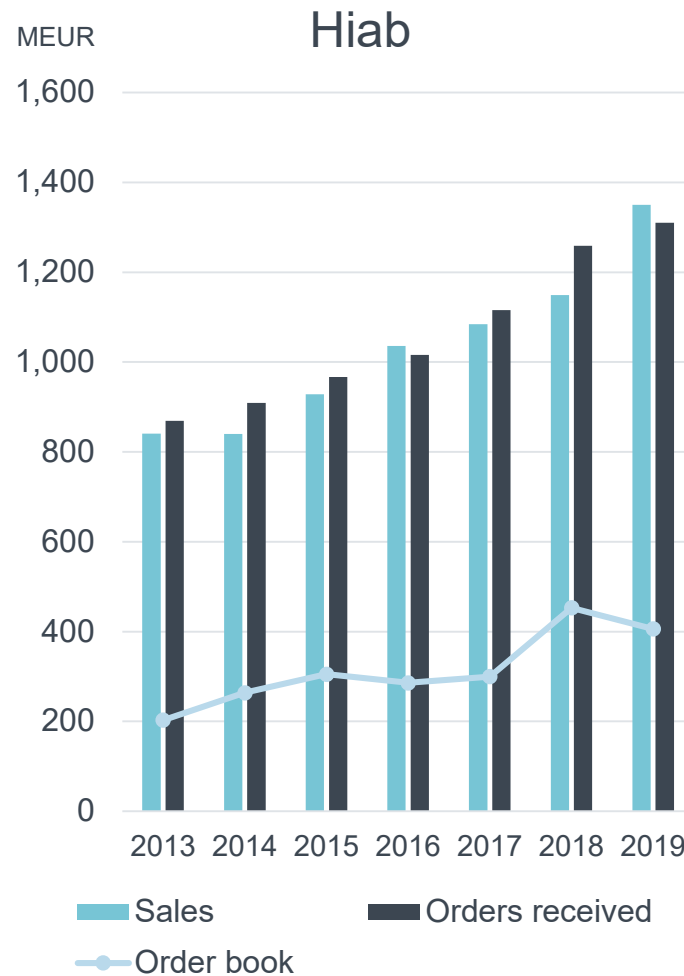
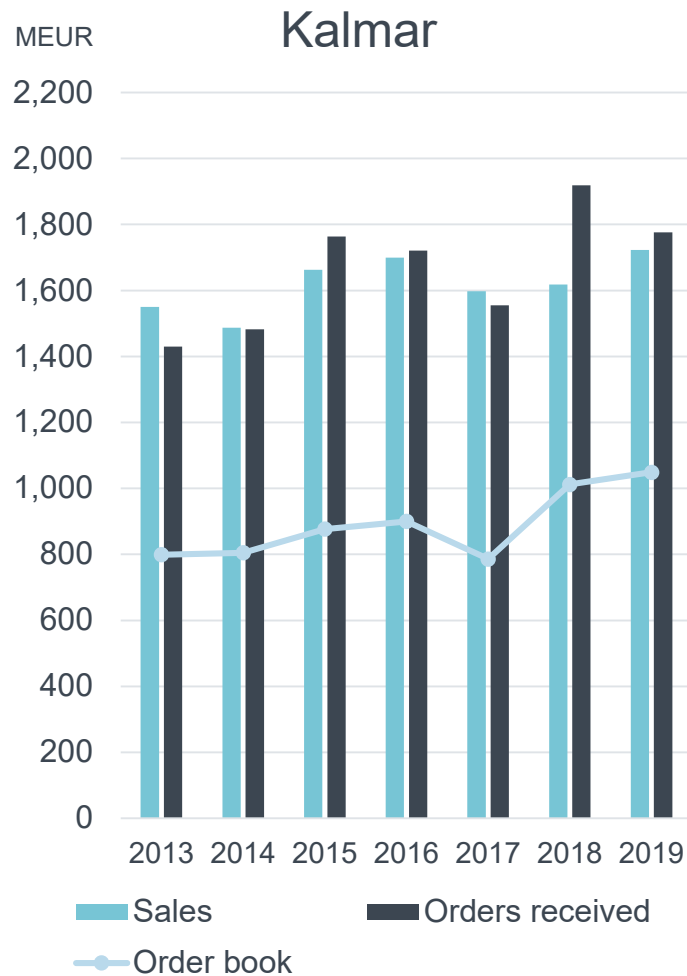
Hiab



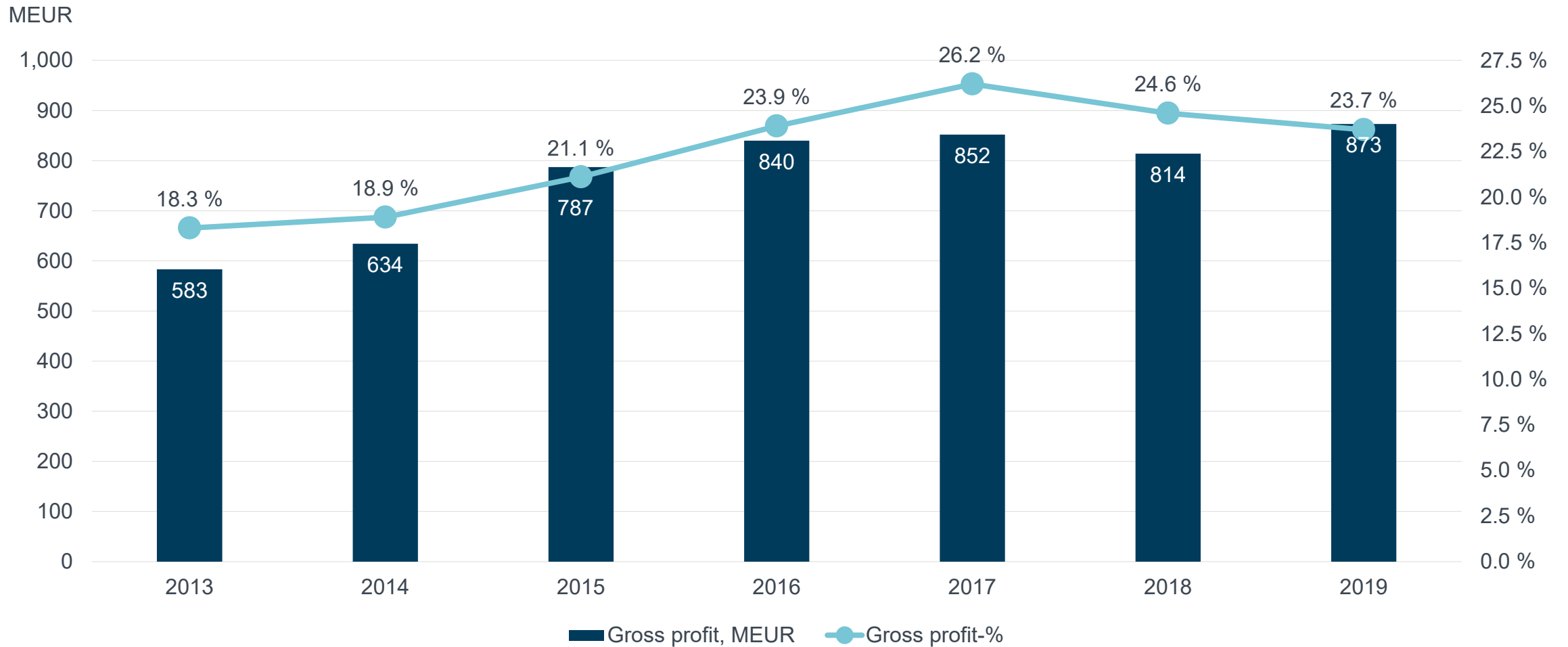
MacGregor



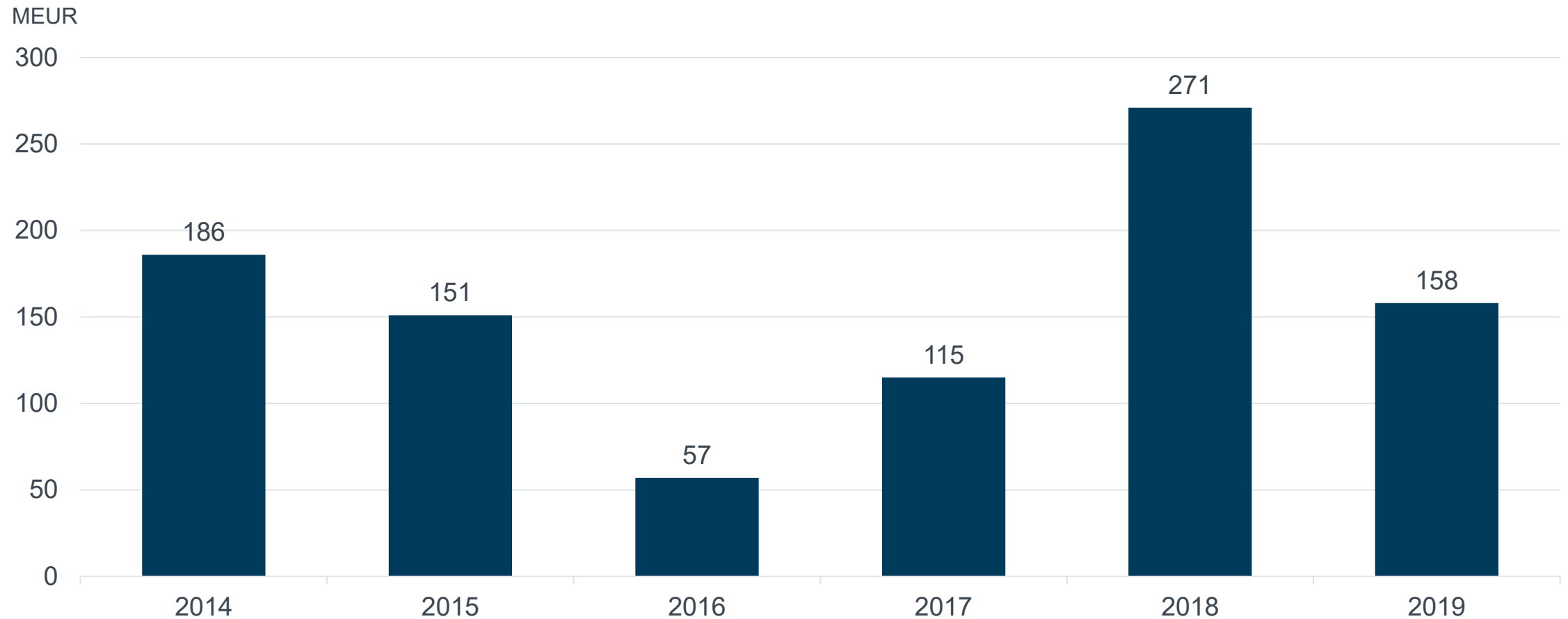
Sales and orders received development



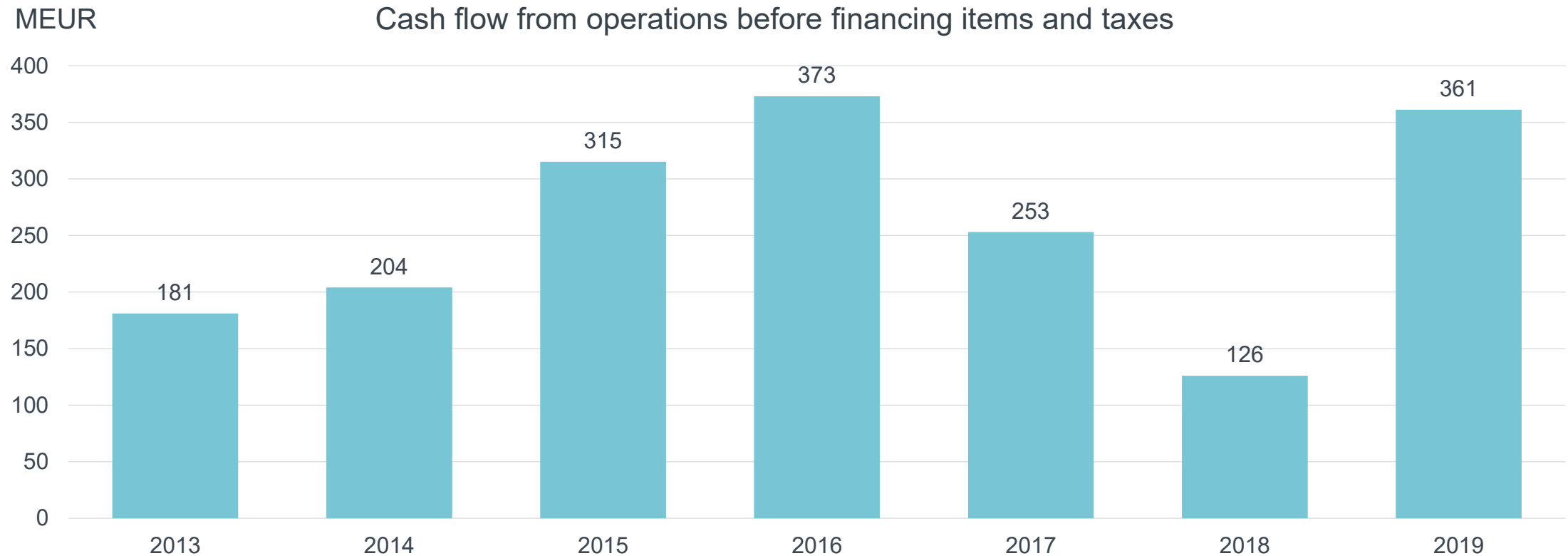
Gross profit development



Net working capital decreased due to higher advances received



Cash flow from operations development



Income statement Q4 2019

MEUR	Q4/19	Q4/18	2019	2018
Sales	1,014.7	909.8	3,683.4	3,303.5
Cost of goods sold	-775.1	-694.0	-2,810.3	-2,489.3
Gross profit	239.6	215.8	873.1	814.2
<i>Gross profit, %</i>	23.6%	23.7%	23.7%	24.6%
Other operating income	8.7	14.7	33.5	44.8
Selling and marketing expenses	-62.6	-61.2	-238.4	-234.4
Research and development expenses	-30.4	-24.2	-105.6	-94.7
Administration expenses	-76.1	-64.3	-269.3	-252.9
Restructuring costs	-53.5	-12.5	-80.1	-53.8
Other operating expenses	-10.5	-9.0	-33.8	-35.4
Costs and expenses	-224.3	-156.5	-693.7	-626.5
Share of associated companies' and joint ventures' net income	2.7	1.7	0.6	2.3
Operating profit	18.0	60.9	180.0	190.0
<i>Operating profit, %</i>	1.8%	6.7%	4.9%	5.8%
Financing income and expenses	-9.8	-8.7	-34.1	-28.9
Income before taxes	8.2	52.2	145.9	161.1
<i>Income before taxes, %</i>	0.8%	5.7%	4.0%	4.9%
Income taxes	-8.5	-18.1	-56.5	-53.1
Net income for the period	-0.3	34.1	89.4	108.0
<i>Net income for the period, %</i>	0.0%	3.8%	2.4%	3.3%

Net income for the period attributable to:

Equity holders of the parent	-0.3	33.9	89.4	107.0
Non-controlling interest	0.0	0.2	0.0	1.1
Total	-0.3	34.1	89.4	108.0

Earnings per share for profit attributable to the equity holders of the parent:

Earnings per share, EUR	-0.00	0.53	1.39	1.66
Diluted earnings per share, EUR	-0.00	0.52	1.39	1.65

Balance sheet 31 December 2019

ASSETS, MEUR	31 Dec 2019	31 Dec 2018	EQUITY AND LIABILITIES, MEUR	31 Dec 2019	31 Dec 2018
Non-current assets			Equity attributable to the equity holders of the parent		
Goodwill	1,058.5	970.9	Share capital	64.3	64.3
Other intangible assets	296.1	278.6	Share premium account	98.0	98.0
Property, plant and equipment	489.7	308.7	Translation differences	-33.2	-44.2
Investments in associated companies and joint ventures	120.8	99.8	Fair value reserves	-9.1	-13.5
Share investments	0.3	0.3	Reserve for invested non-restricted equity	57.4	58.5
Loans receivable and other interest-bearing assets*	29.1	36.0	Retained earnings	1,247.1	1,262.5
Deferred tax assets	131.2	137.3	Total equity attributable to the equity holders of the parent	1,424.5	1,425.6
Other non-interest-bearing assets	10.3	9.5			
Total non-current assets	2,136.0	1,841.1	Non-controlling interest	2.8	3.0
Current assets			Total equity	1,427.3	1,428.5
Inventories	713.0	688.8	Non-current liabilities		
Loans receivable and other interest-bearing assets*	1.3	1.8	Interest-bearing liabilities*	953.3	717.1
Income tax receivables	24.1	56.0	Deferred tax liabilities	39.1	28.1
Derivative assets	8.5	17.4	Pension obligations	110.4	92.3
Accounts receivable and other non-interest-bearing assets	924.3	822.5	Provisions	7.0	10.7
Cash and cash equivalents*	420.2	256.3	Other non-interest-bearing liabilities	66.0	58.6
Total current assets	2,091.4	1,842.8	Total non-current liabilities	1,175.8	906.8
Total assets	4,227.4	3,683.9	Current liabilities		
			Current portion of interest-bearing liabilities*	233.0	168.4
			Other interest-bearing liabilities*	38.1	44.5
			Provisions	114.3	86.7
			Advances received*	306.3	190.3
			Income tax payables	21.1	39.6
			Derivative liabilities	11.8	5.8
			Accounts payable and other non-interest-bearing liabilities*	899.8	813.5
			Total current liabilities	1,624.3	1,348.6
			Total equity and liabilities	4,227.4	3,683.9

*Included in interest-bearing net debt.

Cash flow statement Q4 2019

MEUR	2019	2018			
Net cash flow from operating activities			Net cash flow from investing activities		
Net income for the financial year	89.4	108.0	Acquisitions of businesses, net of cash acquired	-109.5	-70.7
Depreciation, amortisation and impairment	133.8	77.2	Disposals of businesses, net of cash sold	0.3	-15.5
Financing items	34.1	28.9	Investments in associated companies and joint ventures	-	-0.5
Taxes	56.5	53.1	Investments in fixed assets	-68.5	-71.5
Change in receivables	-69.6	-54.8	Disposals of fixed assets	20.8	19.1
Change in payables	106.5	-49.6	Cash flow from investing activities, other items	6.2	1.8
Change in inventories	13.5	-54.3	Net cash flow from investing activities	-150.6	-137.3
Change in net working capital	50.4	-158.7			
Other adjustments	-3.2	17.3	Net cash flow from financing activities		
Cash flow from operations before financing items and taxes	361.1	125.8	Treasury shares acquired	-2.2	-9.4
Interest received	5.3	3.1	Repayments of lease liabilities	-45.5	-1.3
Interest paid	-29.4	-18.6	Proceeds from long-term borrowings	298.1	199.5
Dividends received	-	14.0	Repayments of long-term borrowings	-168.3	-83.7
Other financing items	14.5	-23.0	Proceeds from short-term borrowings	271.6	3.4
Income taxes paid	-48.1	-61.0	Repayments of short-term borrowings	-257.8	-2.6
Net cash flow from operating activities	303.5	40.2	Profit distribution	-71.0	-68.0
			Net cash flow from financing activities	24.9	37.7
			Change in cash and cash equivalents	177.8	-59.3
			Cash and cash equivalents, and bank overdrafts at the beginning of period	225.5	284.7
			Effect of exchange rate changes	6.6	0.1
			Cash and cash equivalents, and bank overdrafts at the end of period	409.8	225.5
			Bank overdrafts at the end of period	10.4	30.8
			Cash and cash equivalents at the end of period	420.2	256.3

Sustainability

Sustainability is a great business opportunity

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

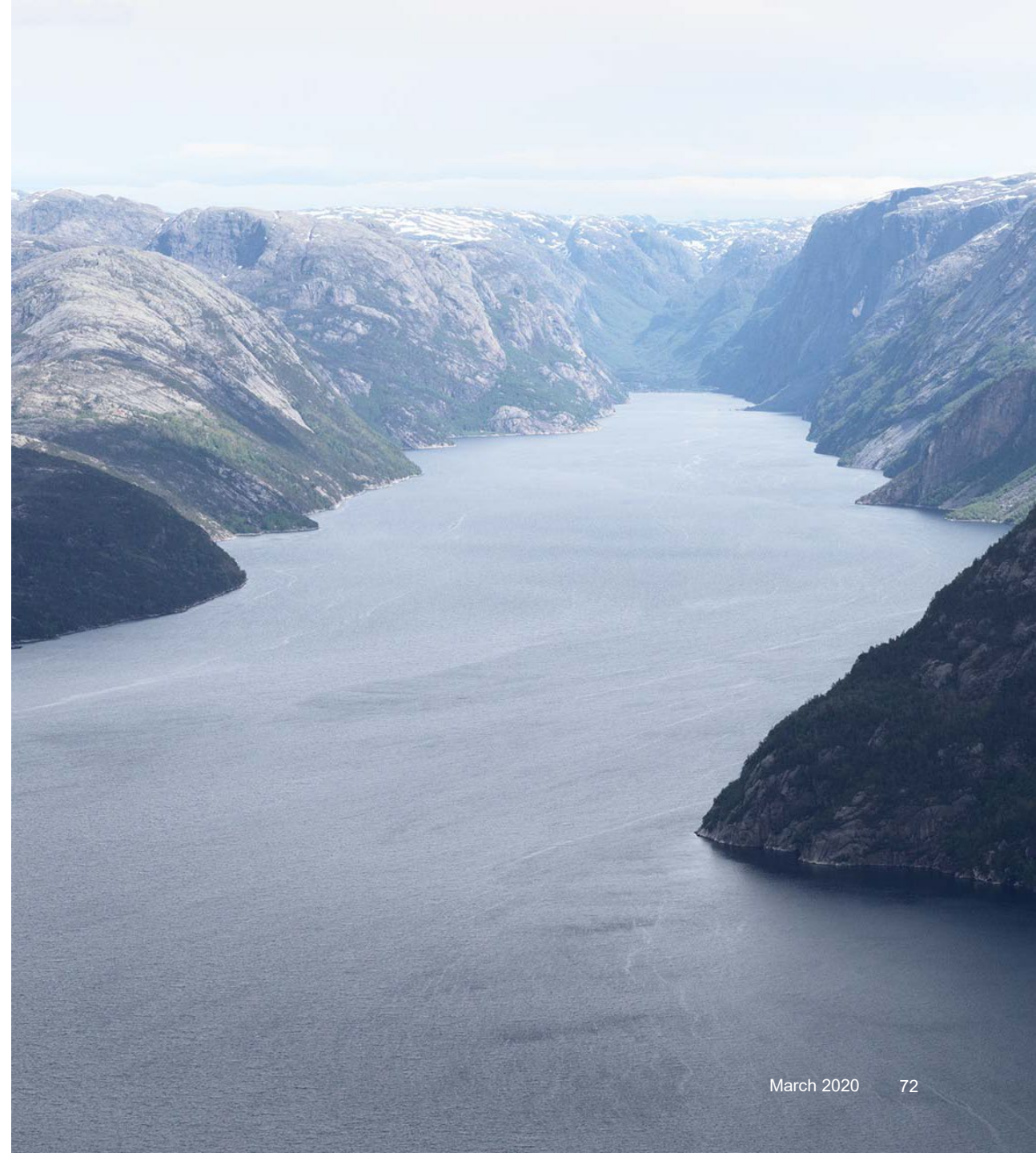
- Inefficient industry with potential to improve

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





Sea Freight Transport is by far the most sustainable transport mode in terms of emissions

Compared to transportation of goods

→ by trains, sea freight emits
~2-3 times less emissions

→ by trucks, sea freight emits
~3-4 times less emissions

→ by air cargo, sea freight emits
~14 times less emissions

Mitigating climate change with low carbon solutions for customers is a great opportunity for us

Offering for eco-efficiency product group sales account for 21% of the total revenue in 2019

Systems efficiency



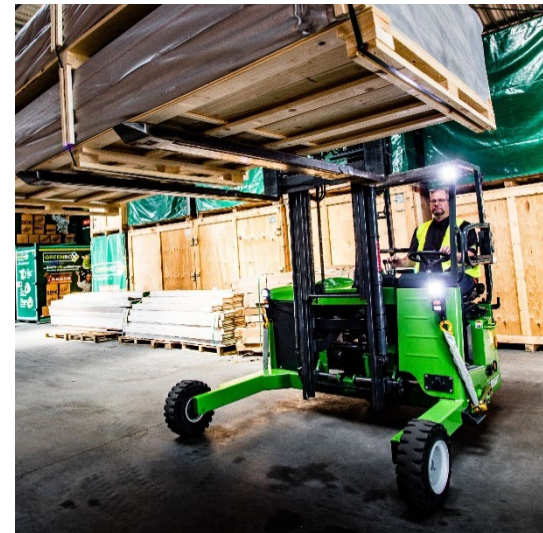
- Visibility to identify inefficient use of resources and fuel
- Software and design system

Efficiency for environmental industries



- Offering to support the operations in environmental industries
- Cargotec solutions for environmental industries

Emission efficiency



- Technology to enable fuel and emission efficient offering
- Products with features to decrease fuel usage and avoidance of maritime hydraulic oil emissions

Resource efficiency



- Service enabling the extended usage of products or new applications
- Product conversions and modernisations

Key to more sustainable cargo handling business is solution development



Waste in cargo handling business due to inefficiencies **~17 billion euros**



~2.5 mil barrels (1.8 mil tonnes CO2e) of fuel savings enabled by Cargotec port equipment solutions during past **6 to 10 years**



19 mil tonnes CO2e in shipping industry annually

For moving empty containers

~50 000 tonnes CO2e

emissions from Cargotec sites annually



Cargotec sustainability managed with clear policies, processes and KPIs on varying areas

- Cargotec signed the UN Global Compact in 2007 and we firmly believe that we are advancing especially the six UN Sustainable Development Goals
- We have a clear governance on sustainability issues with Board of Directors overview on the subject
- Climate solutions and safety remain the key sustainability focus areas
- We continue to focus on safety improvement programs to further decrease our current IIFR rate of 6.9
- Strategy formulation for managing climate-related risks and opportunities initiated with plan to have it defined and implemented by the end of 2020



**SUSTAINABLE
DEVELOPMENT
GOALS**

Performance highlights 2019

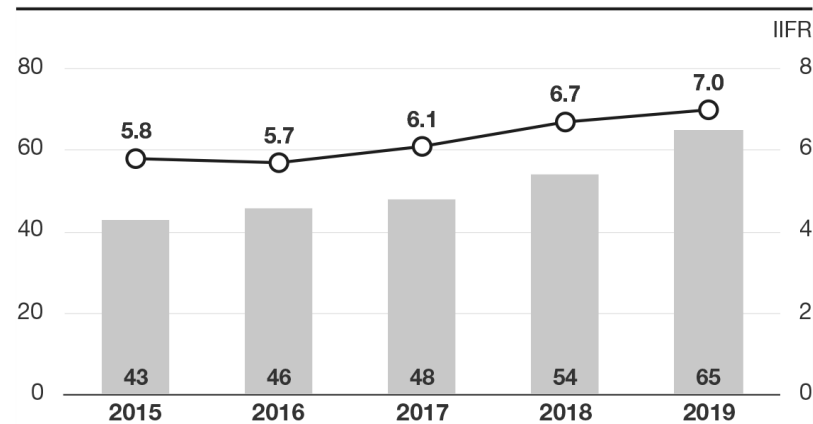
Code of Conduct panel and case investigation process in place

All new direct material suppliers have been audited against Cargotec Supplier Criteria

93 percent of the strategic suppliers were invited to the sustainability self-assessment tool process

89 percent of direct sourcing spend covered by Supplier Code of Conduct

INDUSTRIAL INJURY FREQUENCY RATE*



■ Number of lost time injuries
 ■ Cargotec IIFR**

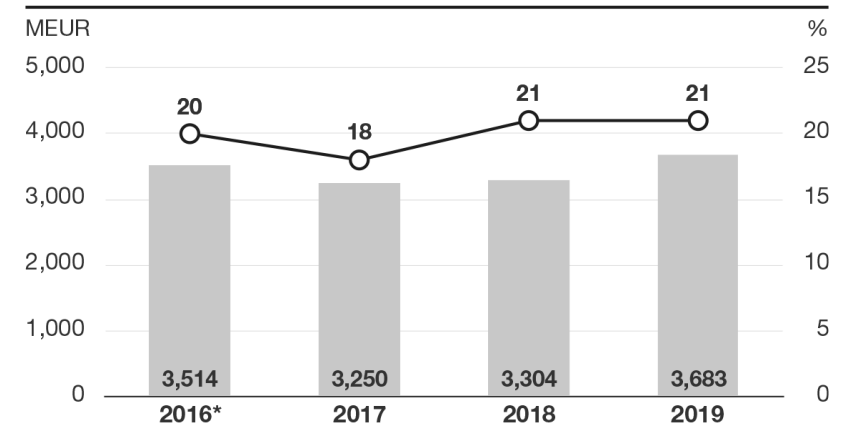
* Cargotec assembly sites ** Number of injuries per million hours worked

33% of our electricity use from certified renewable sources

Offering for eco-efficiency 21% of total sales

Strategy formulation for managing climate-related risks and opportunities initiated

OFFERING FOR ECO-EFFICIENCY



■ Total sales
 ■ Offering for eco-efficiency, % of sales

* The 2016 share of sales is a company estimate and the figure has not been audited

Kalmar appendix

The current replacement market size for key terminal equipment is EUR 1 billion annually and the market is expected to double in the next decade

Total Capacity MTEU



Replacement after lifetime of equipment

The replacement market will grow in coming years, as the container terminal capacity has expanded significantly during the last two decades.

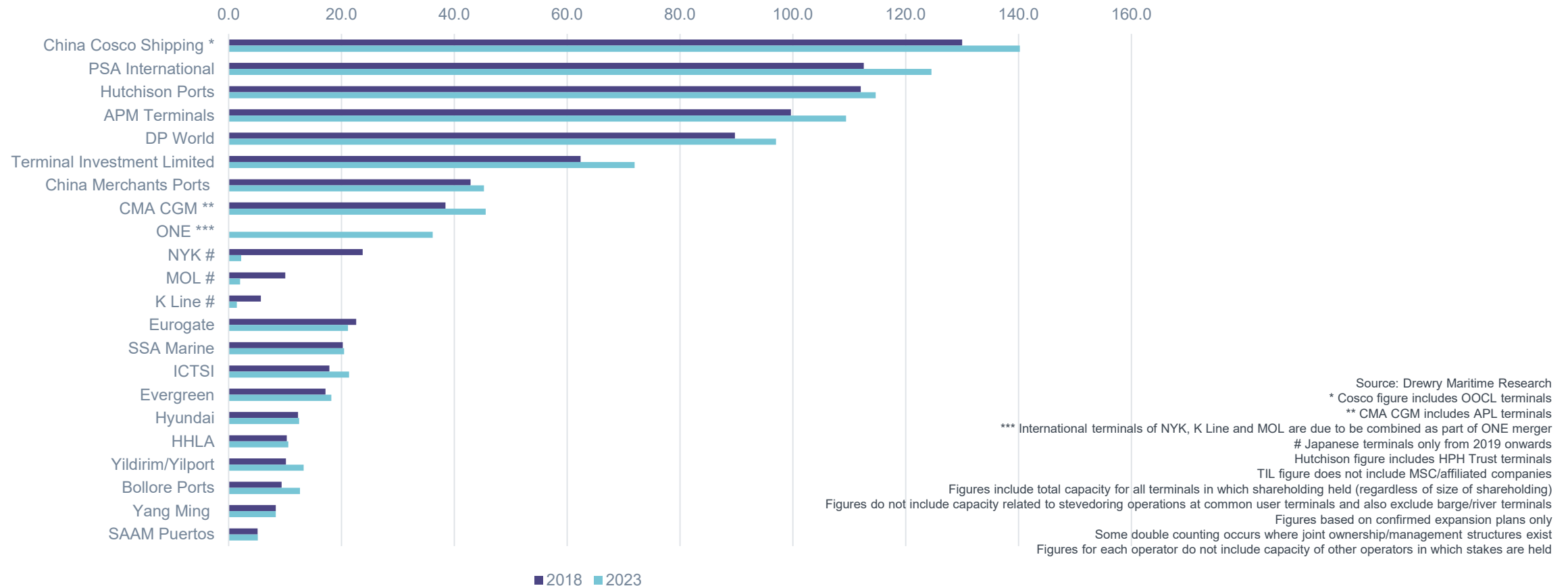
Average lifetime of type of equipment:

- STS - 25 yrs
- RTG -15 yrs
- SC - 8-10 yrs
- RS/ECH/TT – 8 yrs

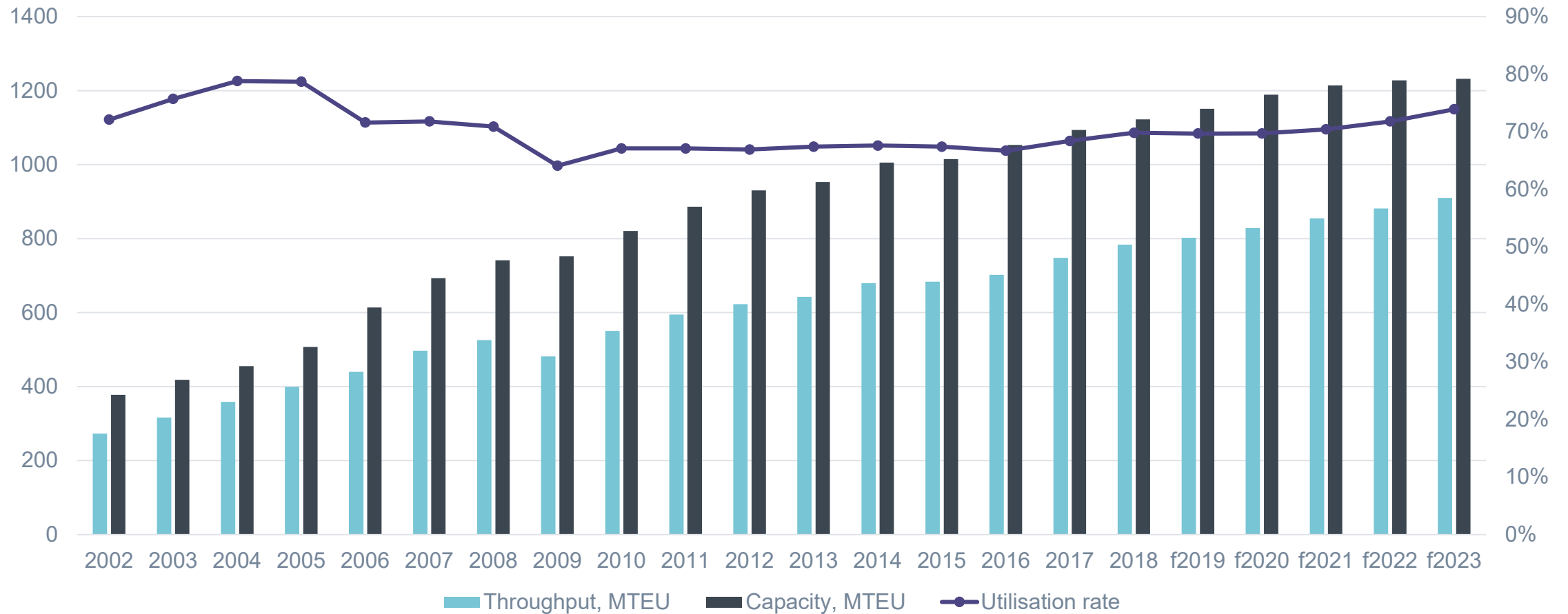
Source: Drewry reports: Global Container Terminal Operators 2001-2016 Note: 1995-2000 capacity is estimation based on the assumption that the utilisation rate has been between 70-72% in that period. 2019-2023 forecast based on Drewry's Global container terminal operators report, published in Q4/2019

Global container terminal operators – Most capacity expected to be added by Cosco

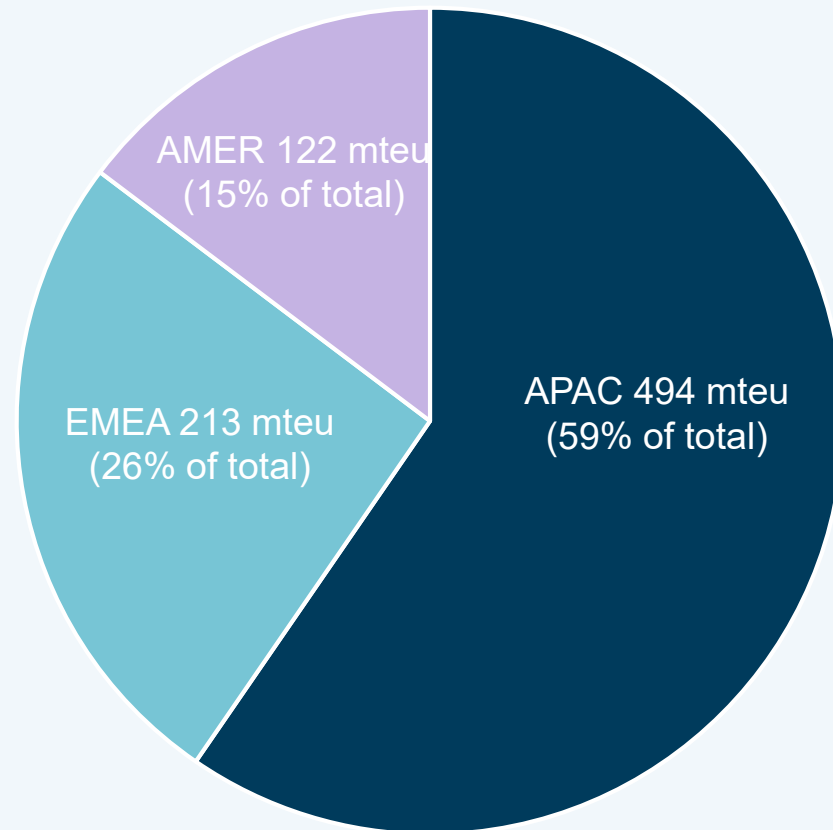
Global/international terminal operators' capacity development, 2018-2023 (MTEU)



Global container throughput and capacity development



59% of global container throughput is expected to take place in APAC in 2020



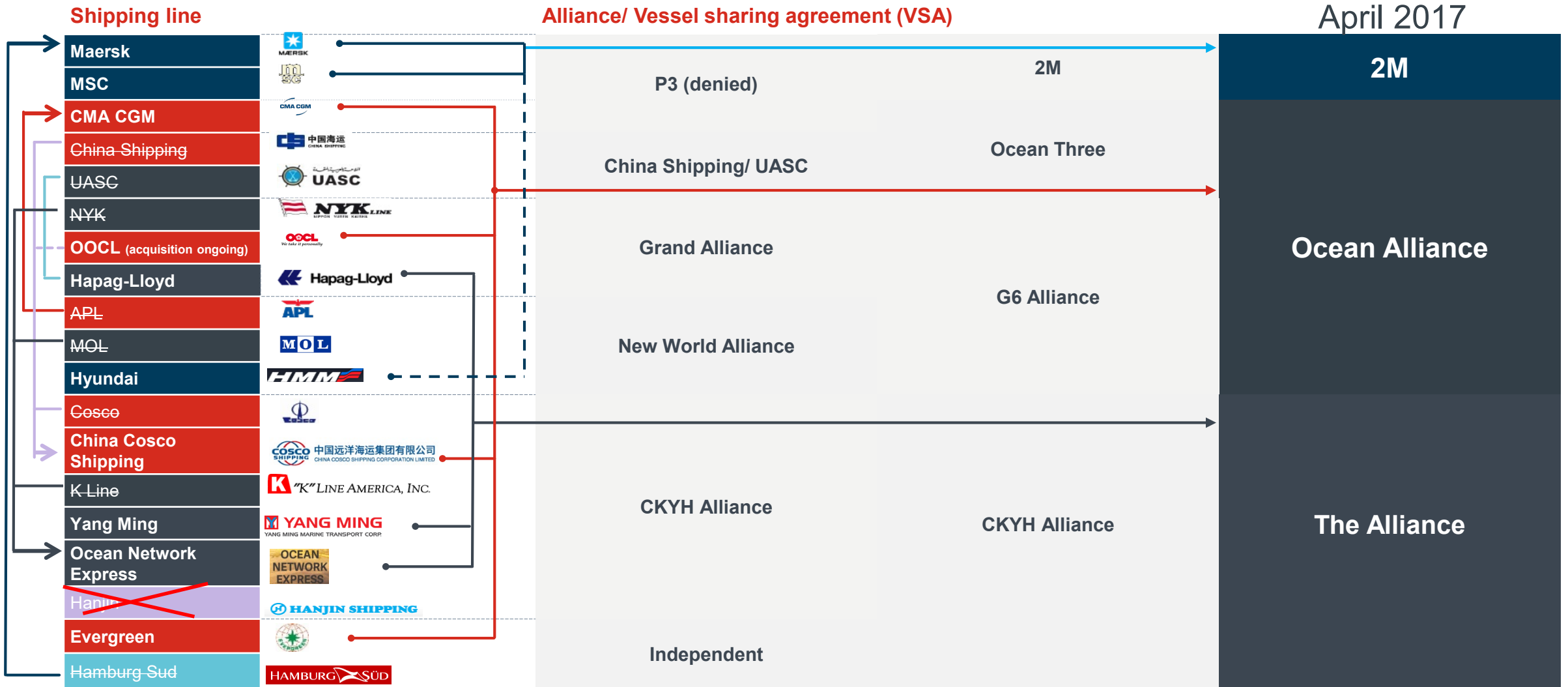
Global container throughput expected to grow 3.3% in 2020

- APAC +3.5% (+17 mteu)
- EMEA +2.3% (+6 mteu)
- AMER +3.3% (+4 mteu)

→ 63% of growth will come from APAC

Source: Drewry container forecaster Q4 2019

Three alliances controlling about 80% of global container fleet capacity

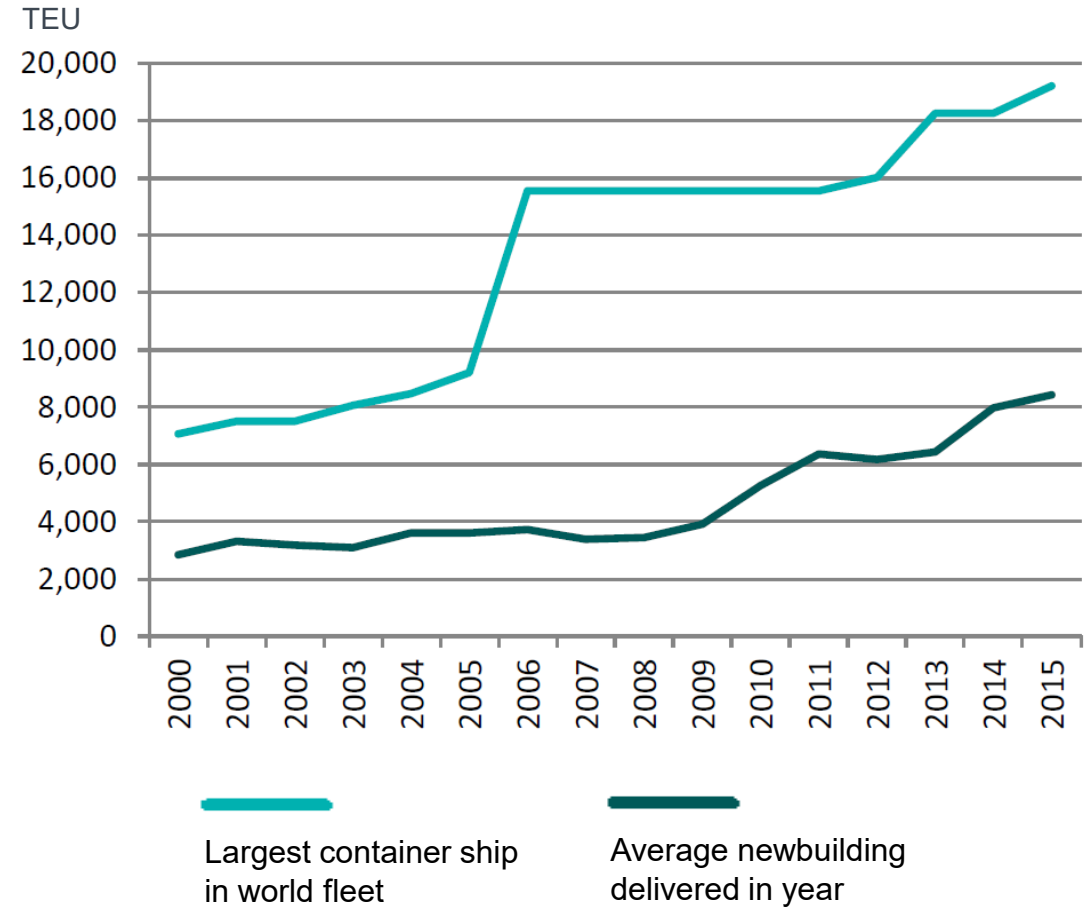


Total: 17
(9 after further consolidations)

- The arrows indicate changes, confirmed or planned, through M&A or JV over the last 18 months. Hanjin bankrupt. Hyundai isn't currently officially part of any alliance, but formed a cooperative relationship with 2M.
- Ocean Network Express (ONE) launch April 2018.
- COSCO Shipping's planned acquisition of OOCL expected to be completed by the end of June
- Analyse excludes Zim, PIL and Wan Hai

Ship sizes increasing dramatically

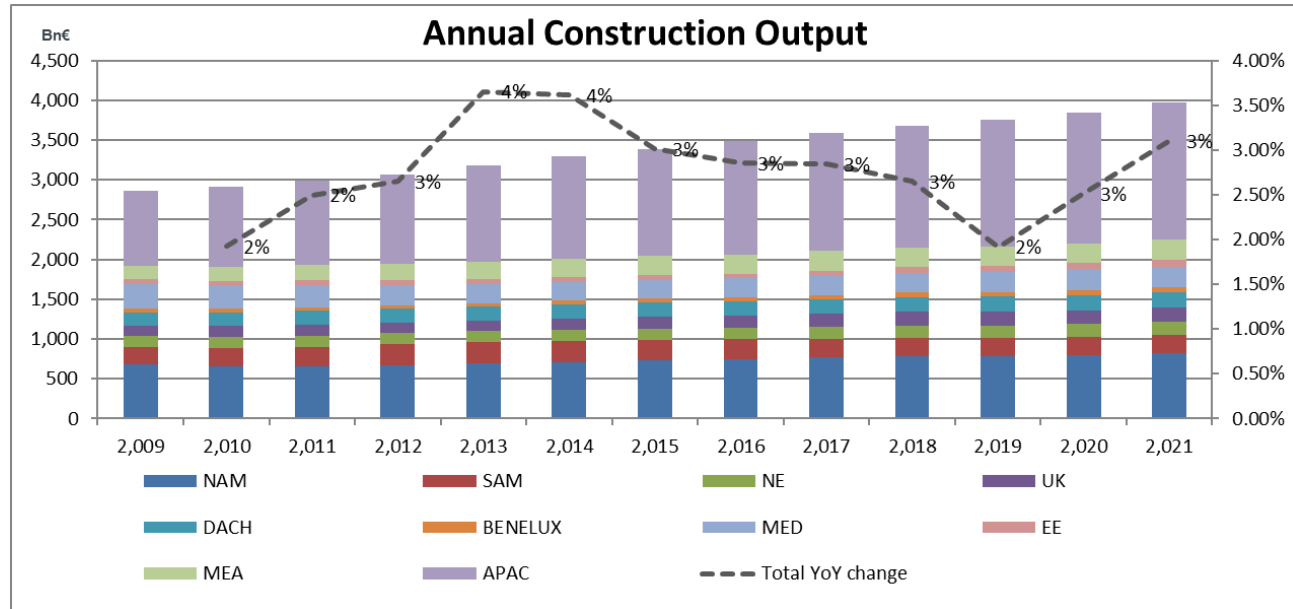
- The largest containership in the fleet has nearly tripled since 2000
- The average size of new builds doubles between 2009 and 2014



Source: Drewry November 2015

Hiab appendix

Construction output forecast

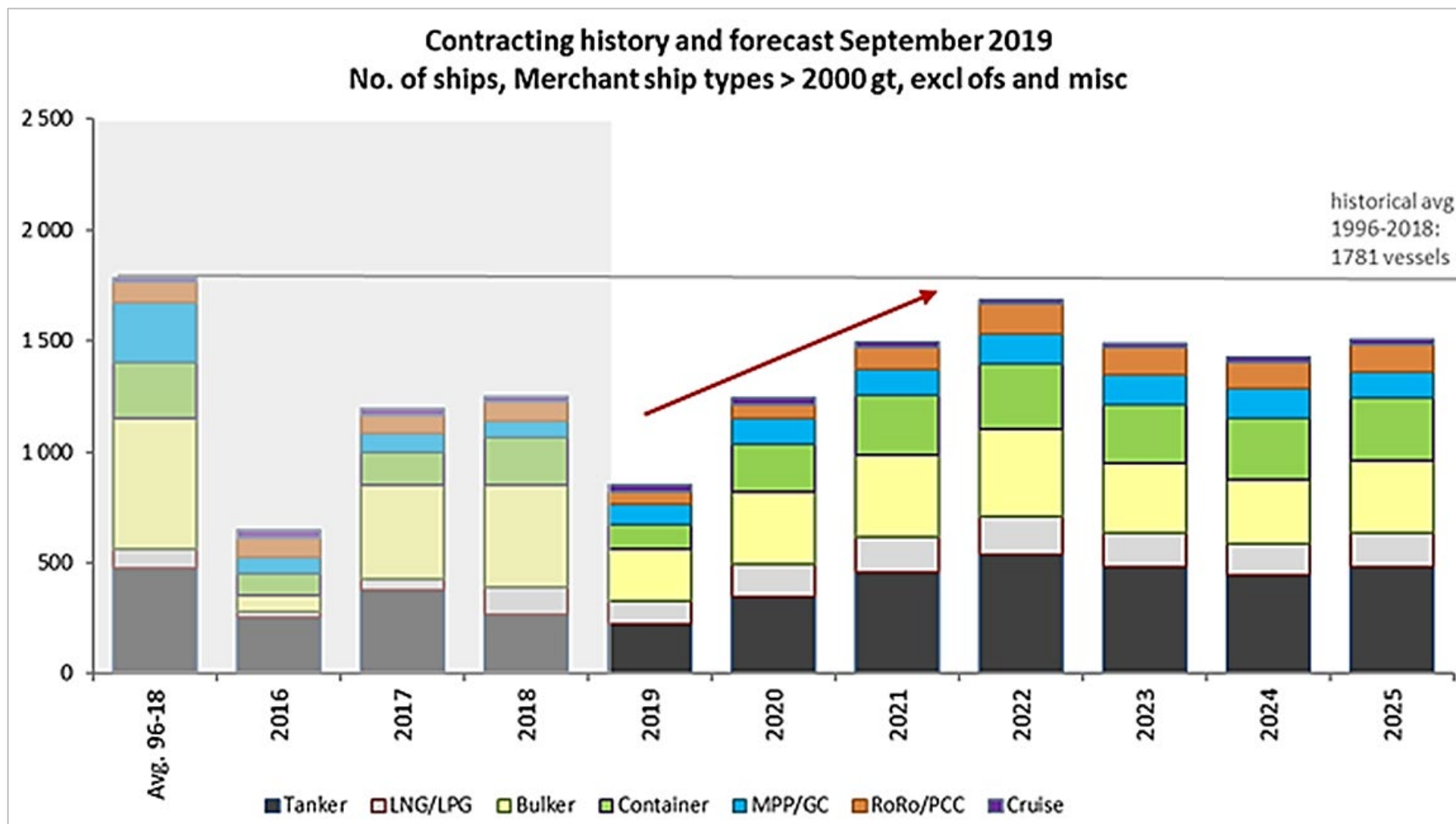


	Percentage point change vs last forecast					YoY changes				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
NAM	1.2%	-0.5%	-0.8%	-0.3%	-0.2%	2.6%	2.0%	-0.1%	2.2%	2.1%
SAM	0.3%	0.4%	-1.2%	-1.8%	-1.0%	-3.3%	-1.4%	-2.1%	0.9%	2.4%
NE	-0.2%	-0.3%	-1.6%	-0.1%	-0.1%	2.5%	5.1%	1.4%	1.9%	1.8%
UK	-0.7%	-0.7%	-0.2%	-1.3%	-0.3%	6.7%	0.1%	2.0%	0.4%	1.4%
DACH	-1.9%	0.5%	0.5%	-0.6%	-0.2%	1.0%	3.3%	2.7%	0.9%	1.1%
BENELUX	2.0%	1.2%	-0.8%	-0.6%	-0.1%	5.1%	6.3%	4.4%	0.9%	1.3%
MED	-0.4%	-0.9%	0.6%	-0.6%	-0.1%	2.9%	2.1%	2.9%	1.7%	2.0%
EE	0.1%	-1.3%	2.4%	-0.1%	-0.1%	4.7%	10.6%	6.7%	3.0%	2.9%
MEA	0.3%	-0.2%	0.0%	-0.2%	-0.2%	2.1%	-2.1%	-0.1%	2.7%	3.7%
APAC	0.0%	0.0%	-1.1%	-0.3%	0.3%	3.8%	4.1%	3.4%	3.6%	4.4%
Total	0.2%	-0.2%	-0.7%	-0.5%	0.0%	2.8%	2.7%	1.9%	2.5%	3.1%

MacGregor appendix

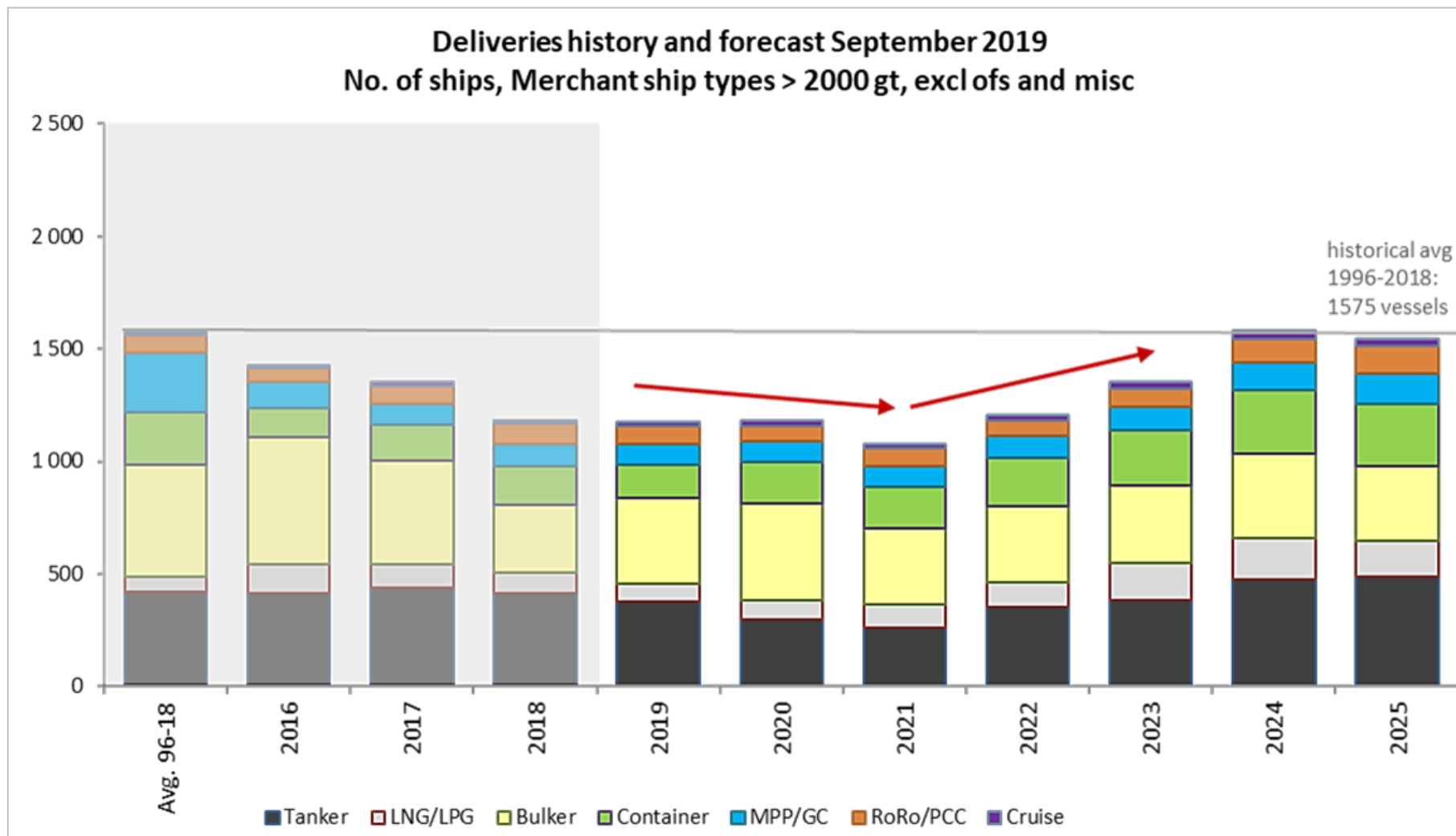
Merchant ships: Contracting forecast by shiptype (no of ships)

Merchant ship types > 2000 gt excl offshore and misc, base case

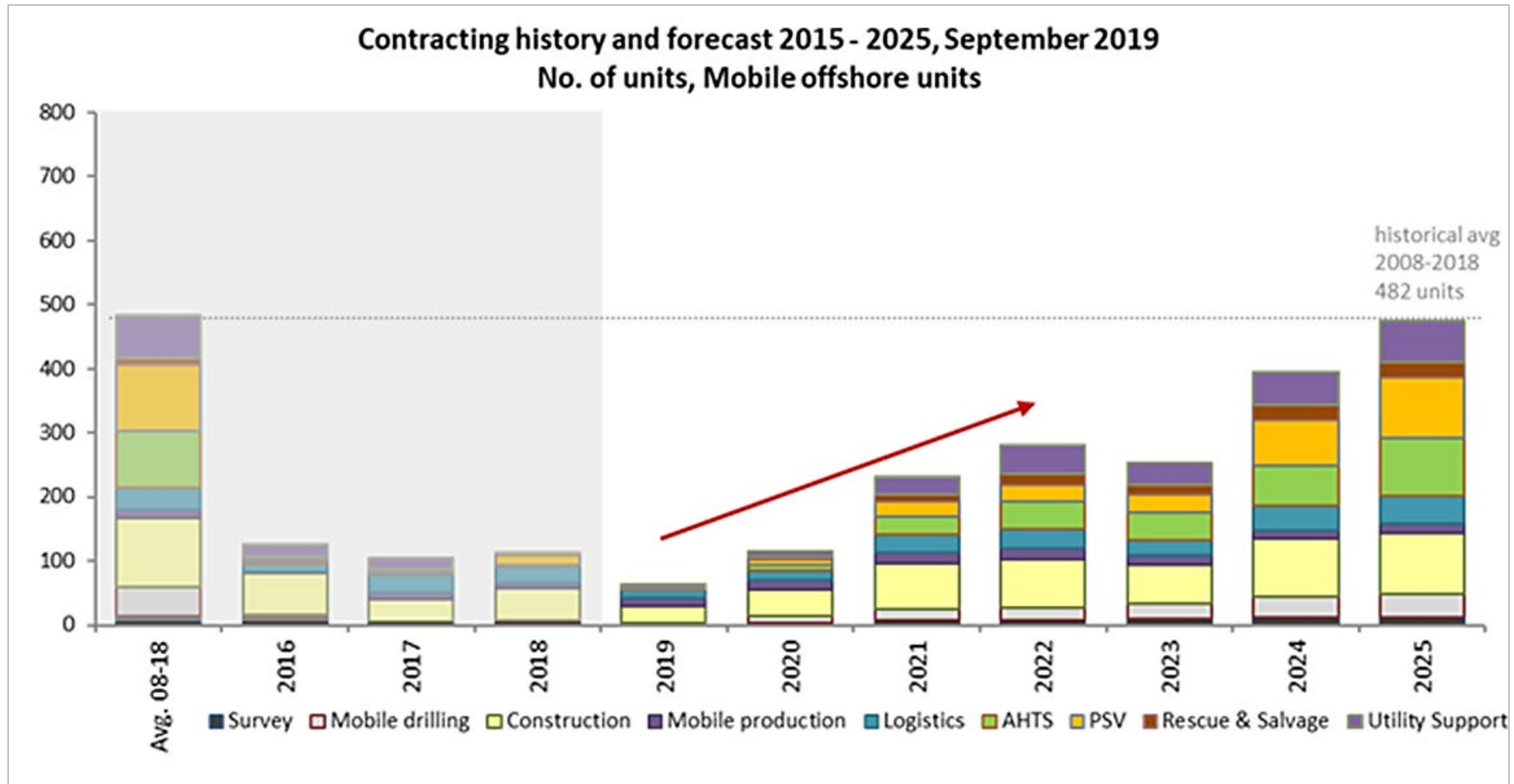


Merchant ships: Deliveries forecast by shiptype (no of ships)

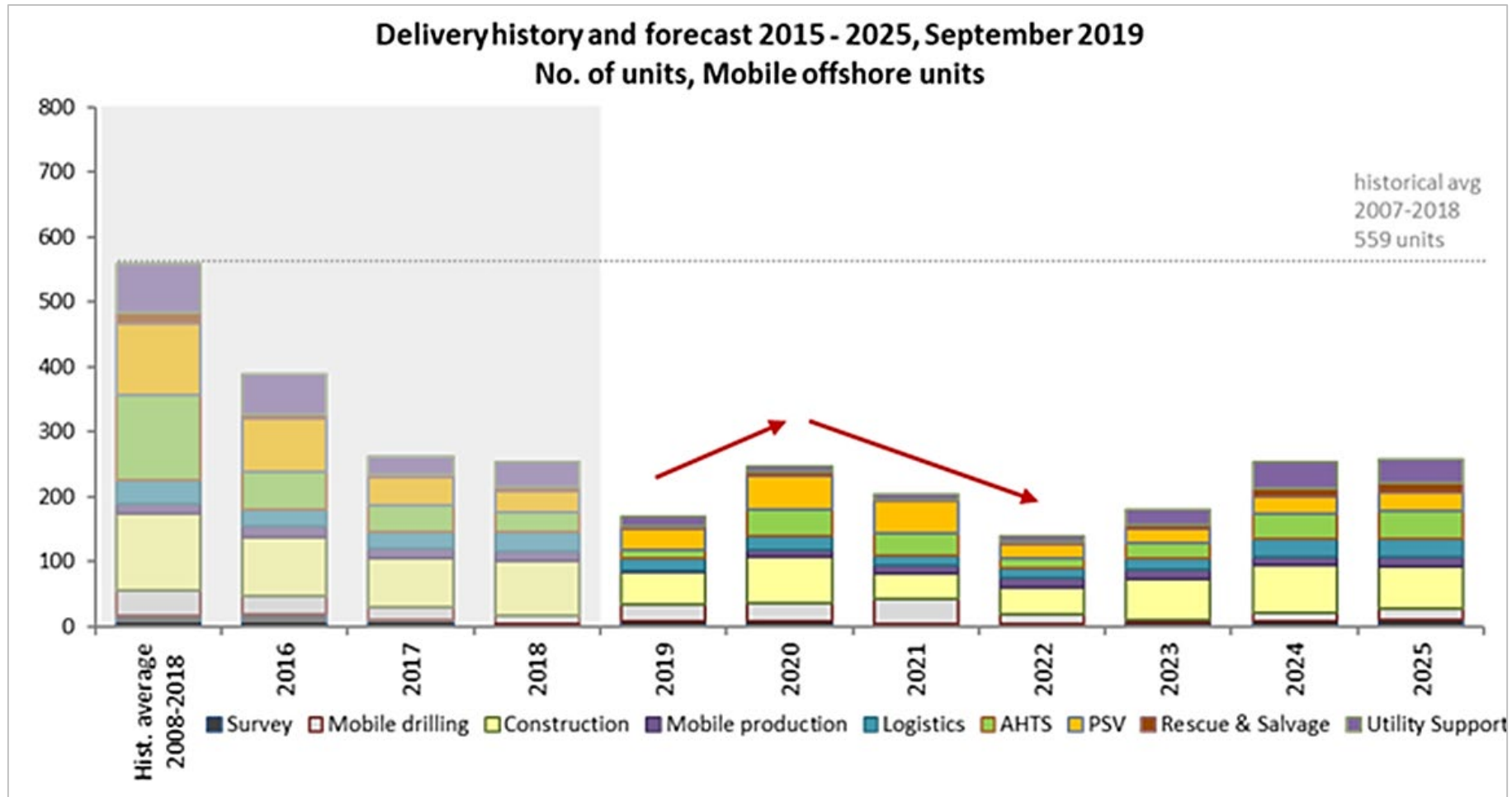
Merchant ship types > 2000 gt excl offshore and misc, base case



Offshore mobile units: Contracting forecast by shiptype (number of units)



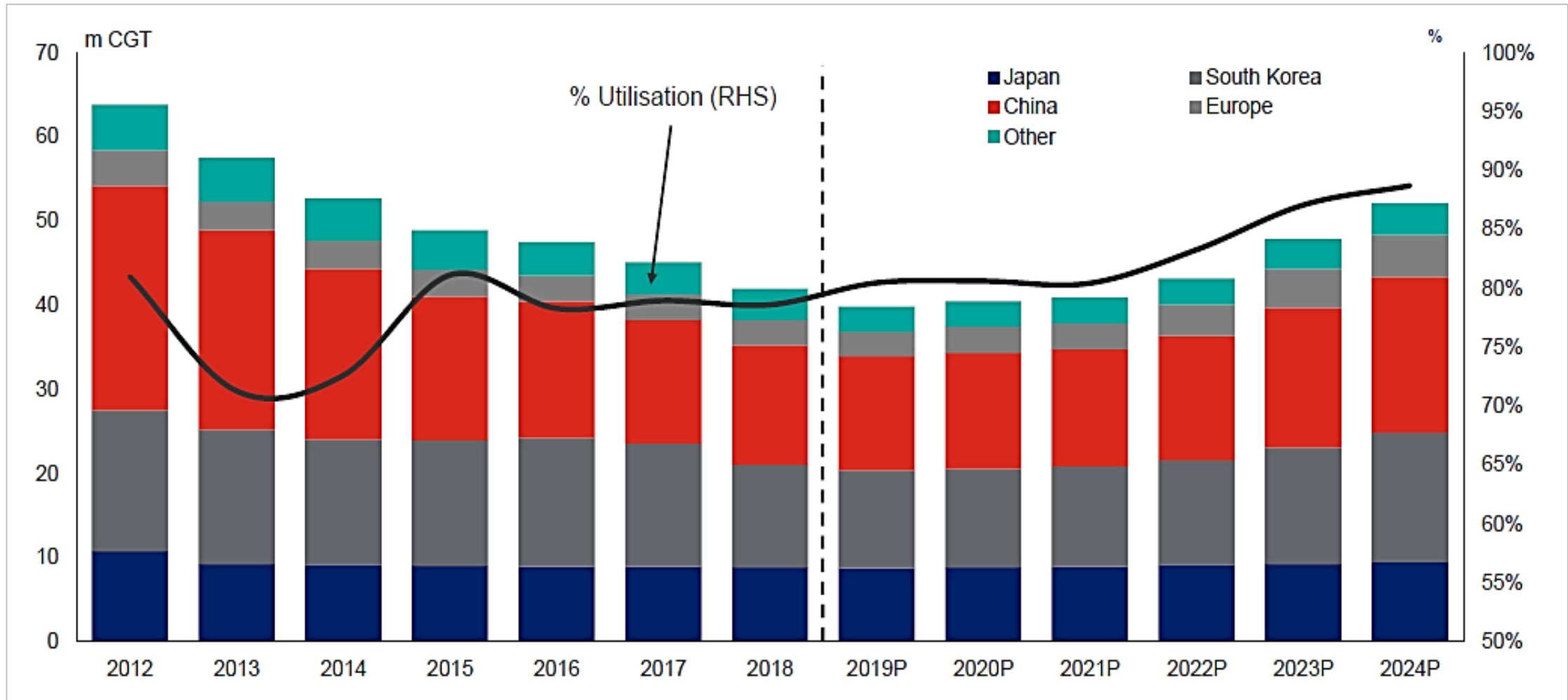
Offshore mobile units: Deliveries forecast by shiptype (number of units)



Shipbuilding – contracting ships >2000 gt/dwt

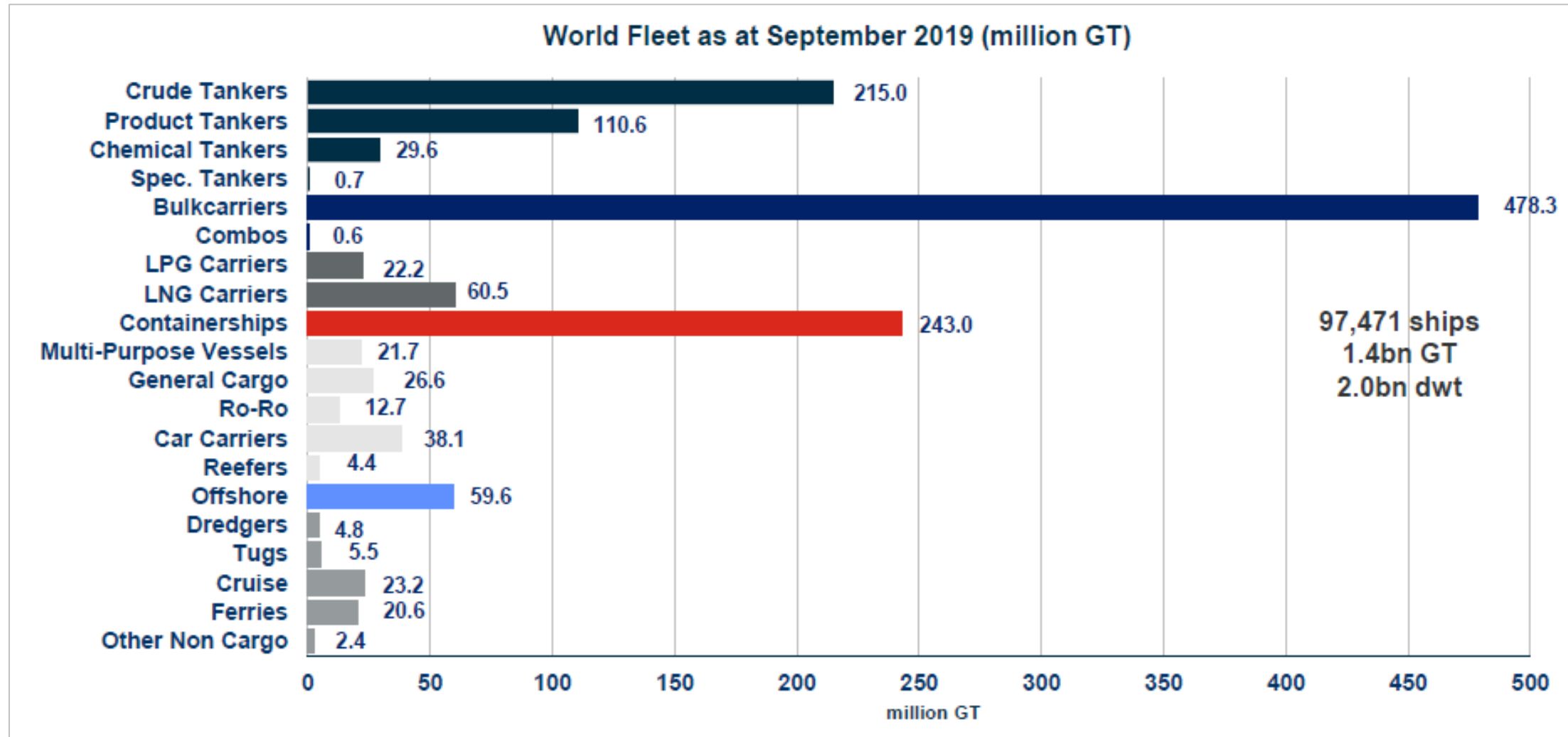
Global Contracting Activity (1st January 2020)												
	No.				\$bn				m. CGT			
	2017	2018	2019	%y-o-y*	2017	2018	2019	%y-o-y*	2017	2018	2019	%y-o-y*
TOTAL (>2,000 Dwt/GT**)	1,290	1,358	899	-34%	71.5	79.1	74.0	-7%	29.8	35.0	25.7	-27%
Vessel Type												
Bulkers	423	467	252	-46%	12.4	14.2	8.2	-42%	9.1	9.7	5.2	-46%
Tankers	381	270	215	-20%	15.4	12.3	10.3	-16%	8.6	6.4	5.2	-18%
Containerships	154	216	97	-55%	6.1	11.2	6.5	-42%	4.0	6.2	3.4	-46%
Gas Carriers	48	126	118	-6%	4.3	15.3	14.1	-8%	1.8	6.8	5.7	-16%
Offshore	47	62	33	-47%	8.5	5.2	8.2	56%	0.8	1.1	1.1	0%
Others	237	217	184	-15%	24.9	20.9	26.7	27%	5.4	4.8	5.1	5%
Builder Country/Region												
China	611	526	370	-30%	20.0	20.8	20.2	-3%	12.2	10.6	8.5	-19%
South Korea	204	292	215	-26%	18.0	27.8	22.5	-19%	7.9	13.4	9.6	-28%
Japan	218	389	190	-51%	6.2	12.4	6.3	-49%	3.6	7.3	3.5	-53%
Europe	106	99	87	-12%	23.3	16.5	23.6	43%	4.1	2.9	3.5	22%
Other	151	52	37	-29%	4.1	1.7	1.4	-17%	2.0	0.8	0.5	-33%

Shipbuilding capacity and utilisation scenario



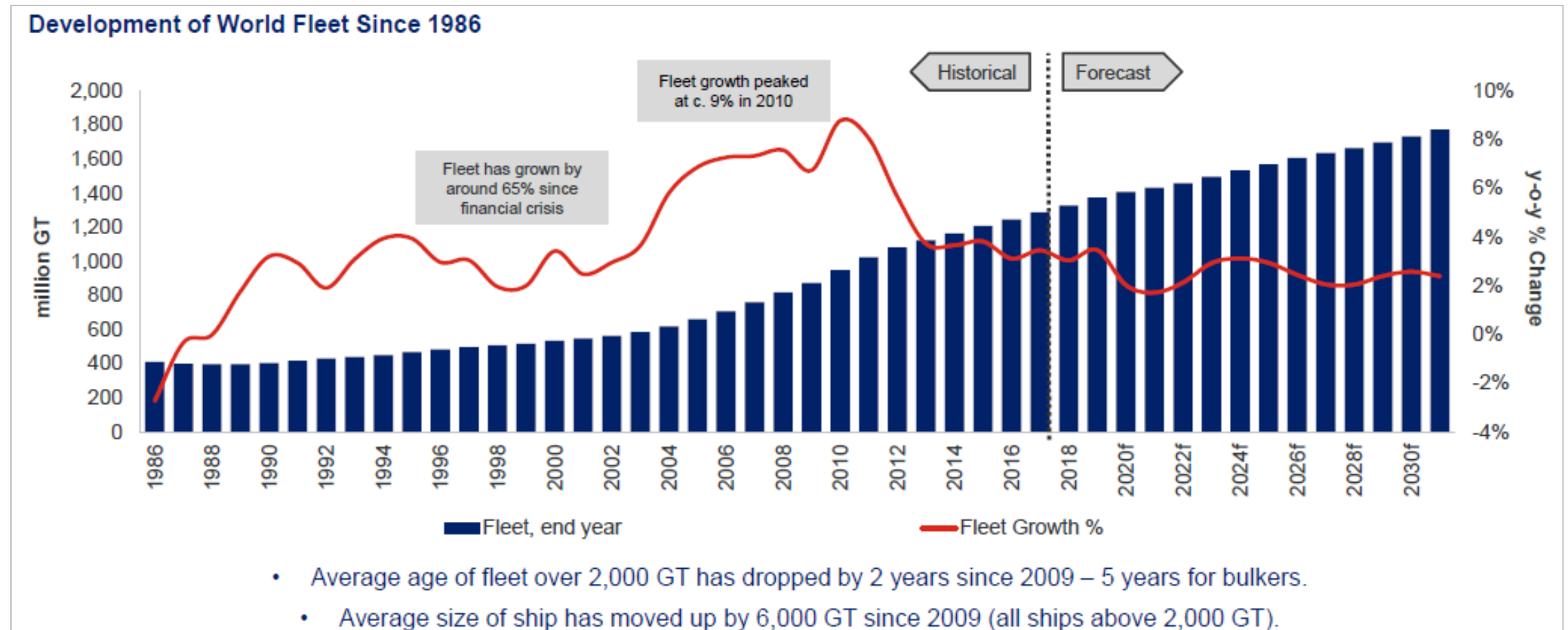
Shipping – The world fleet

World fleet comprises currently roughly 97,000 ships



World fleet development since 1986

World fleet continues to grow - ships getting younger and bigger



Environmental regulation continues to accelerate

Shipping decarbonisation high on the agenda



Blue Growth, aquaculture and offshore wind energy offer us new interesting growth opportunities



Seaborne
logistics

Traditional
Core



Marine bio-
technology

New
Growth



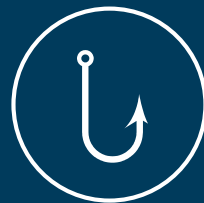
Marine and
seabed mining

New
Growth



Tourism

New
Growth



Fishing

New
Growth



Aquaculture

New
Growth



Offshore
oil and gas

Traditional
Core



Offshore
wind energy

New
Growth



Ocean
renewable
energy

New
Growth

Disclaimer

Although forward-looking statements contained in this presentation are based upon what management of the company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. These statements are not guarantees of future performance and undue reliance should not be placed on them. The company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.

All the discussion topics presented during the session and in the attached material are still in the planning phase. The final impact on the personnel, for example on the duties of the existing employees, will be specified only after the legal requirements of each affected function/ country have been fulfilled in full, including possible informing and/or negotiation obligations in each function / country.

