

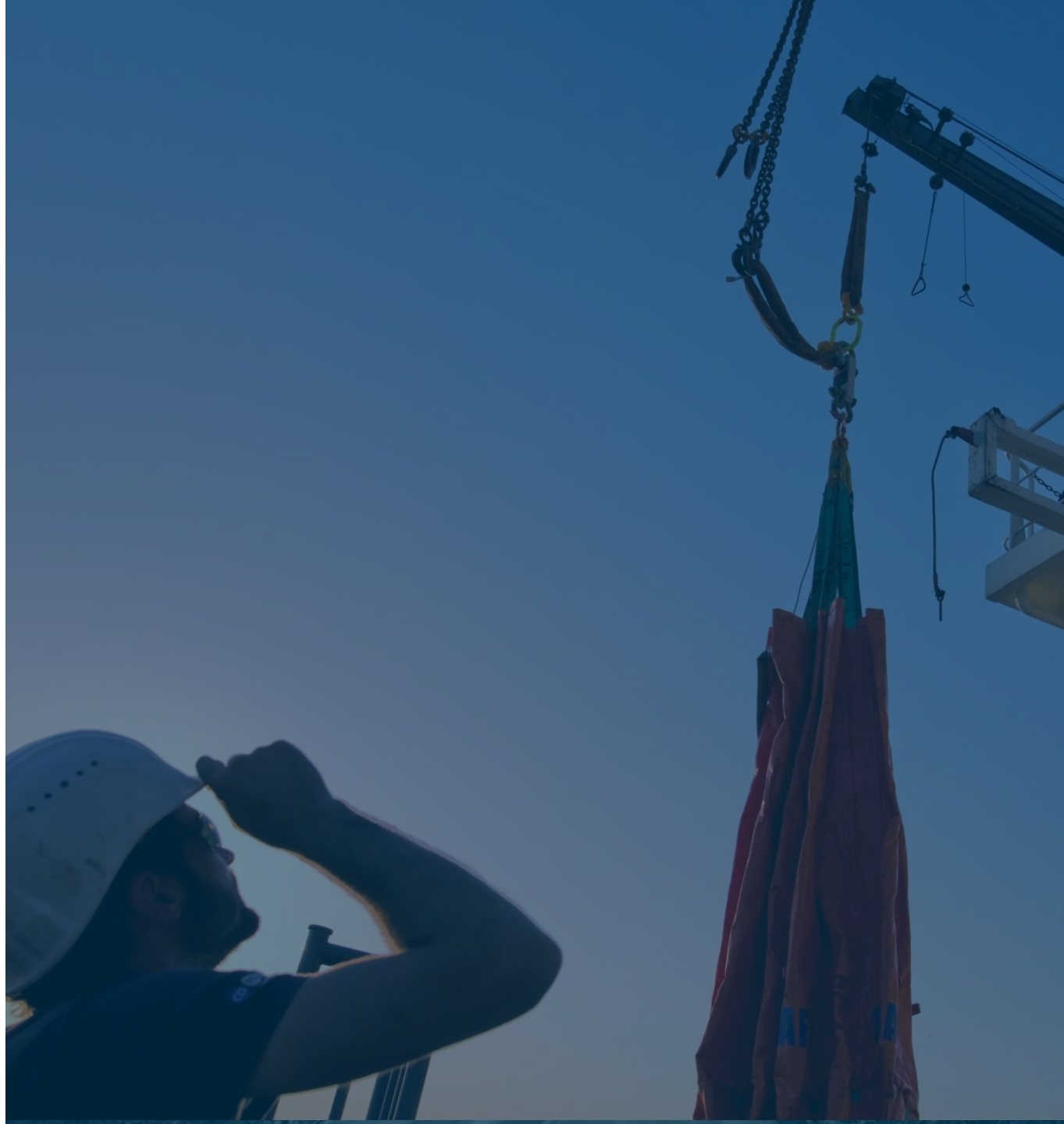
24 April 2018

Good demand in Hiab continued

Cargotec's January–March 2018 interim report
Mika Vehviläinen, CEO • Mikko Puolakka, CFO

Contents

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



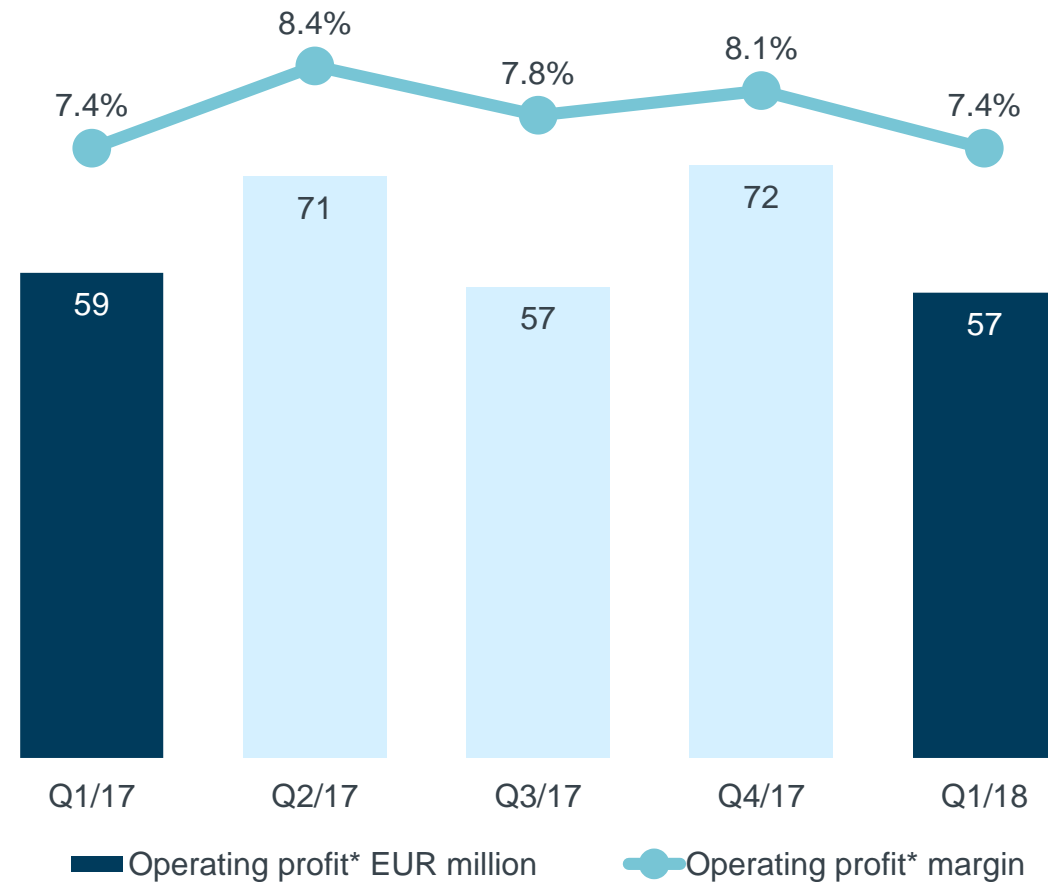
Highlights of Q1 2018 – Good demand in Hiab

Operating profit* margin on previous year's level

- Kalmar's operating profit improved
- Negative impact from currencies for Hiab
- Decline in MacGregor

Orders received grew in Hiab and MacGregor and declined slightly in Kalmar

- Currencies had a major impact in orders received
- Orders received grew by 7% in comparable FX rates



*) Excluding restructuring costs

Market environment in Q1 2018

Growth in number of containers handled at ports continued

- Customers' decision making related to automation solutions is slow and starting with phased investments

Construction activity on good level

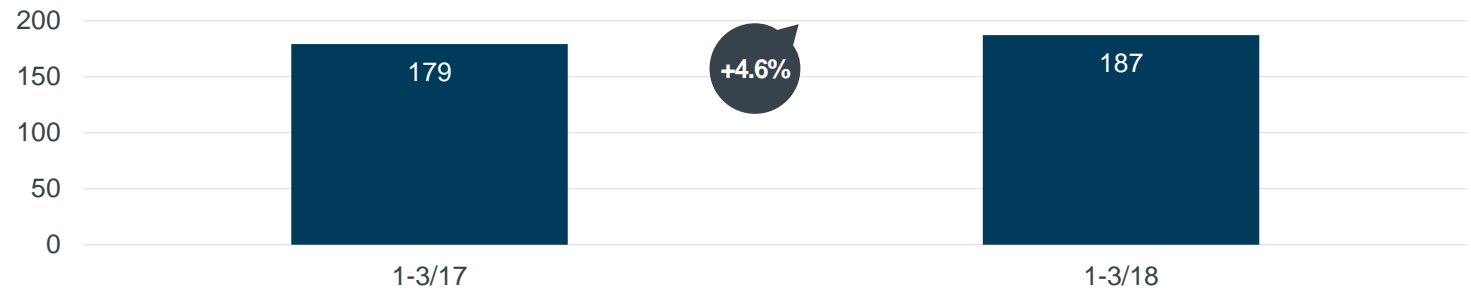
- Good development continued in Europe, US demand stayed on strong level

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

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

Global container throughput (MTEU) – Key driver for Kalmar

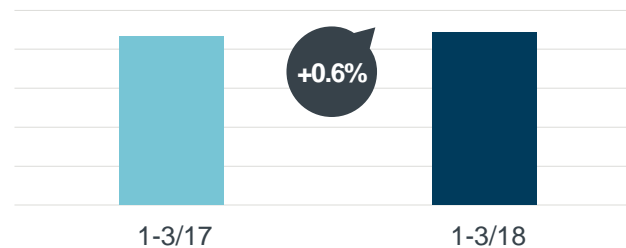
Source: Drewry



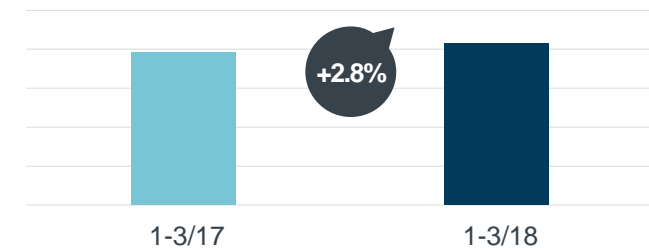
Construction output – Key driver for Hiab

Source: Oxford Economics

United States



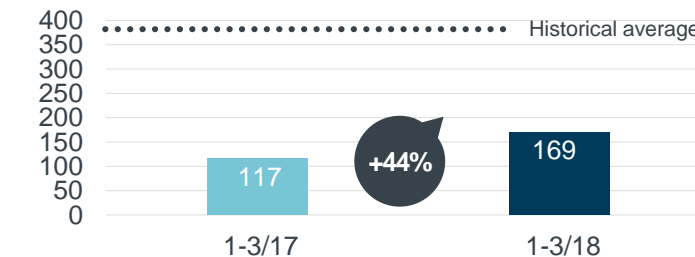
Europe



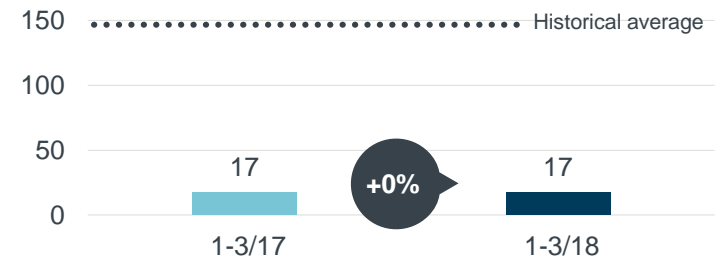
Long term contracting – Key driver for MacGregor

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

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



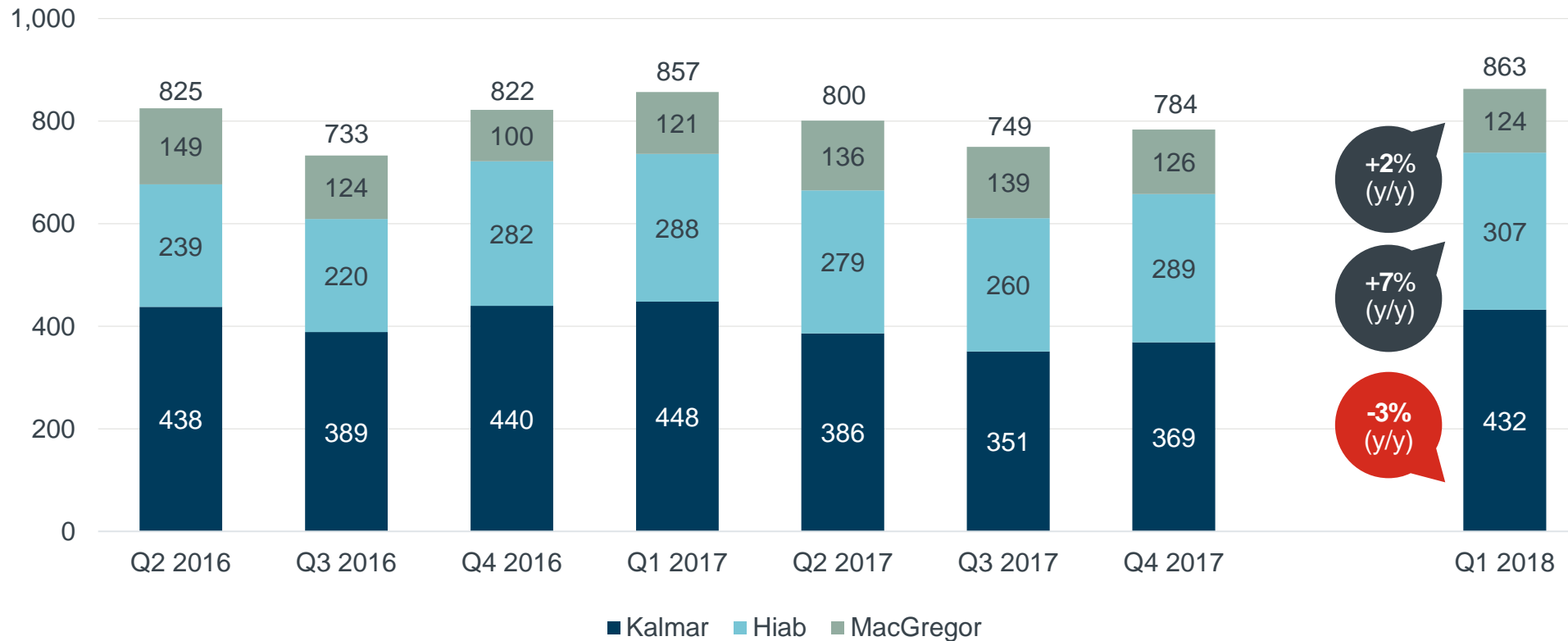
Mobile offshore units



Record high orders received in Hiab

Orders received

MEUR



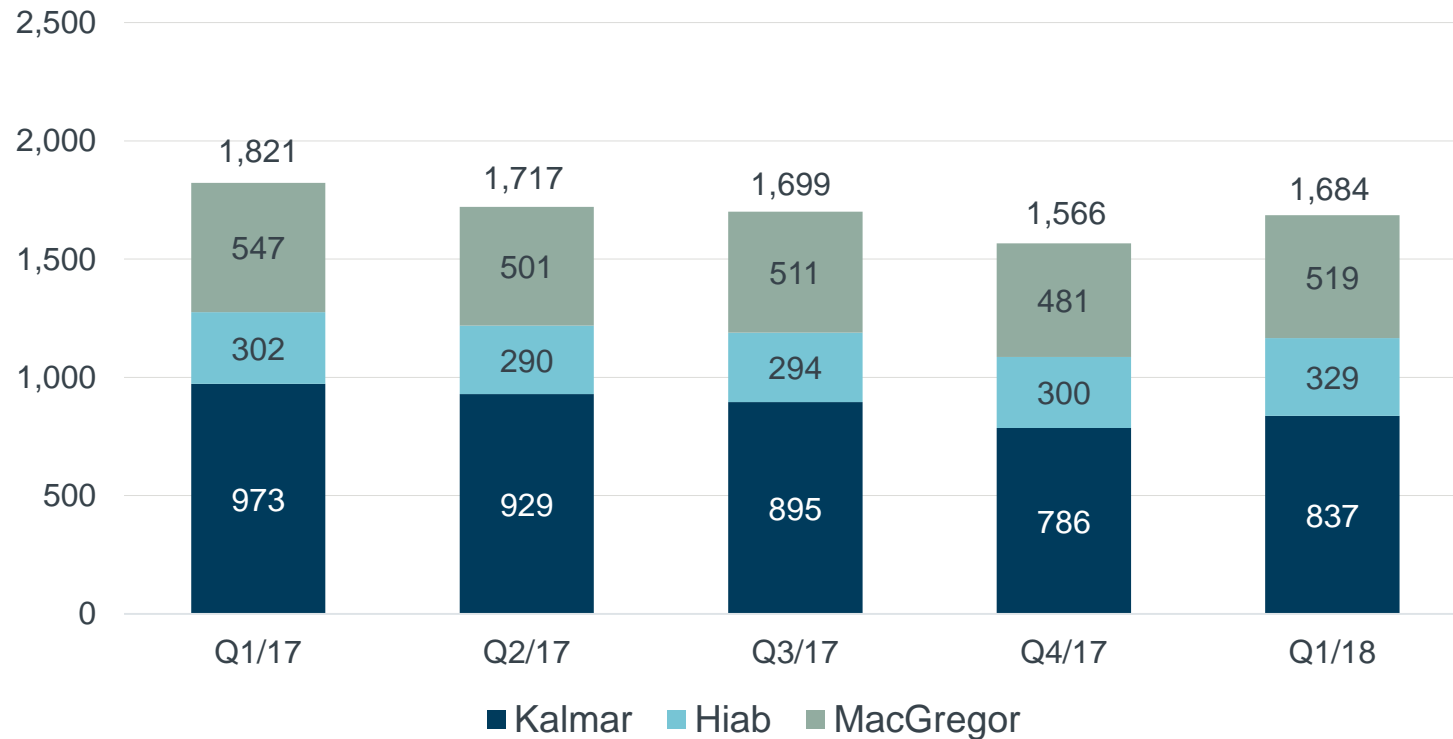
Changes y/y in comparable FX rates

- MacGregor +7%
- Hiab +14%
- Kalmar +3%
- Total +7%

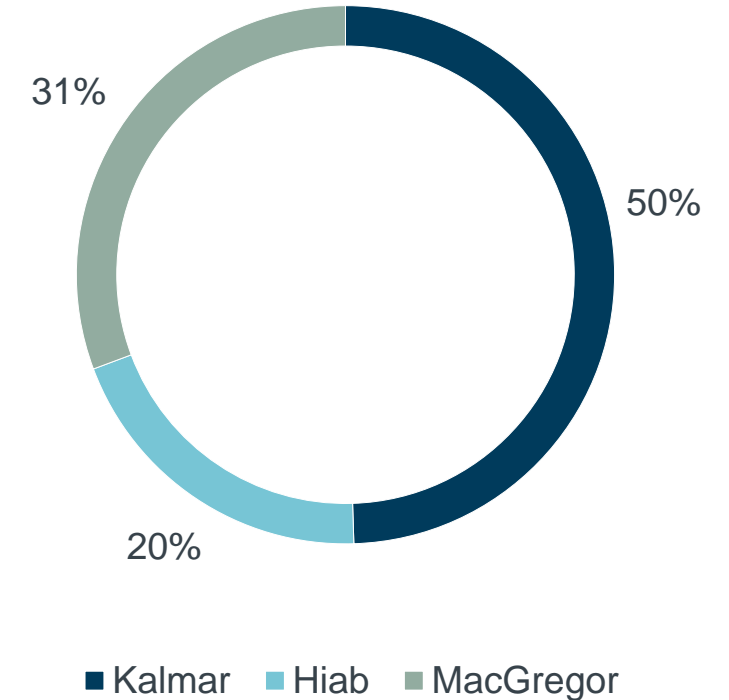
Order book increased 8% compared to Q4 2017

Order book

MEUR



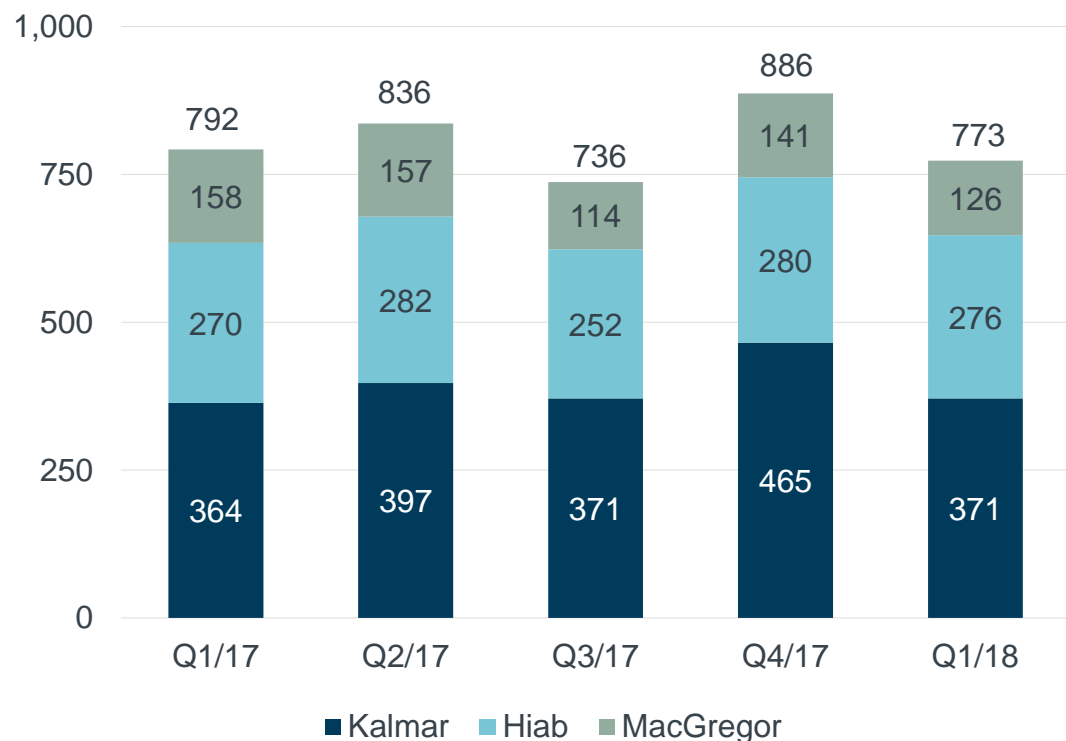
Order book by reporting segment, Q1 2018



Sales grew in Kalmar and Hiab compared to Q1 2017

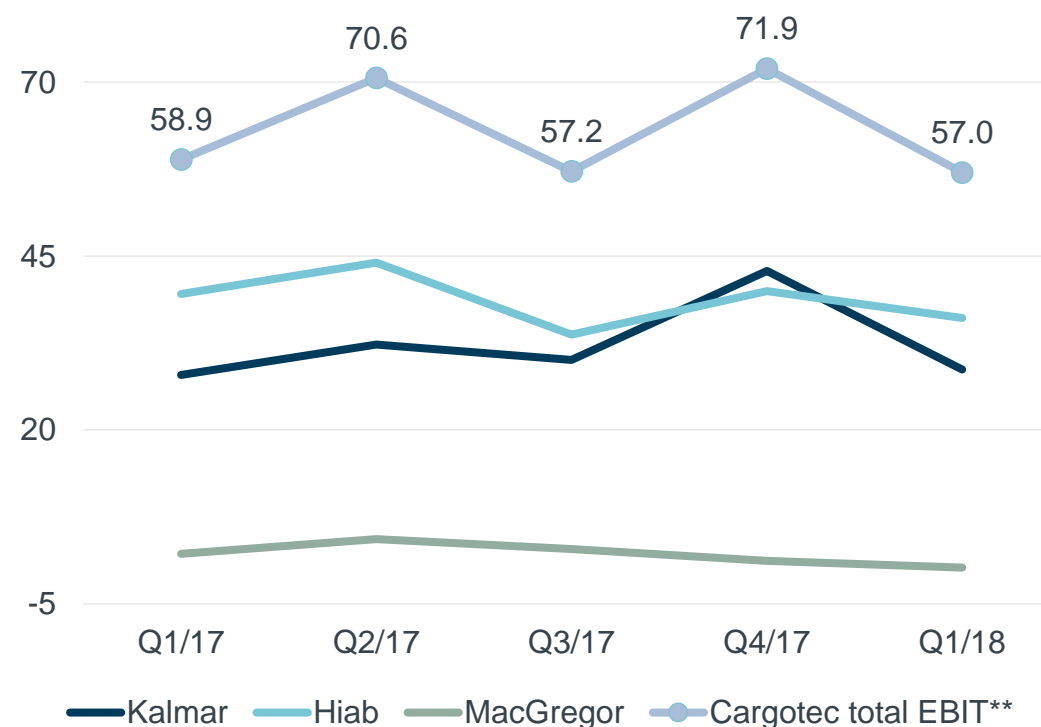
Sales

MEUR



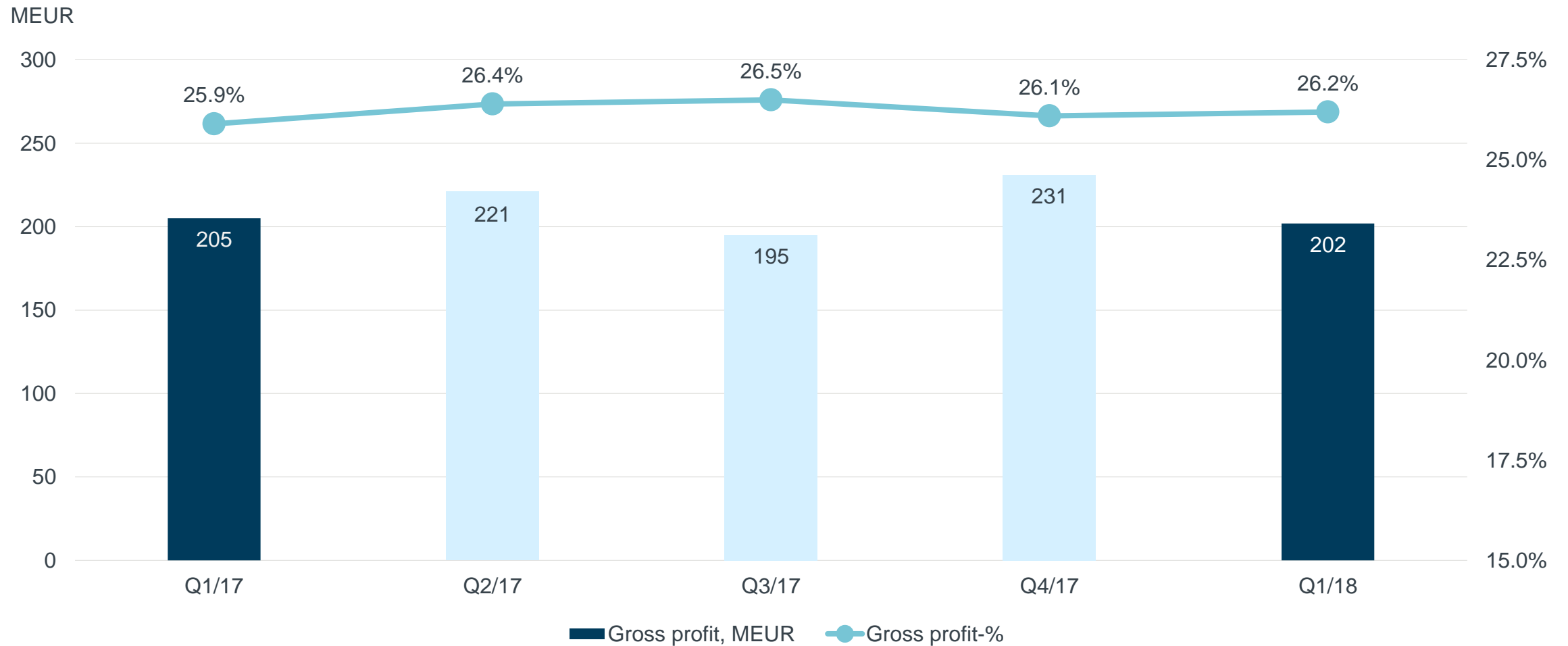
Operating profit*

MEUR



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

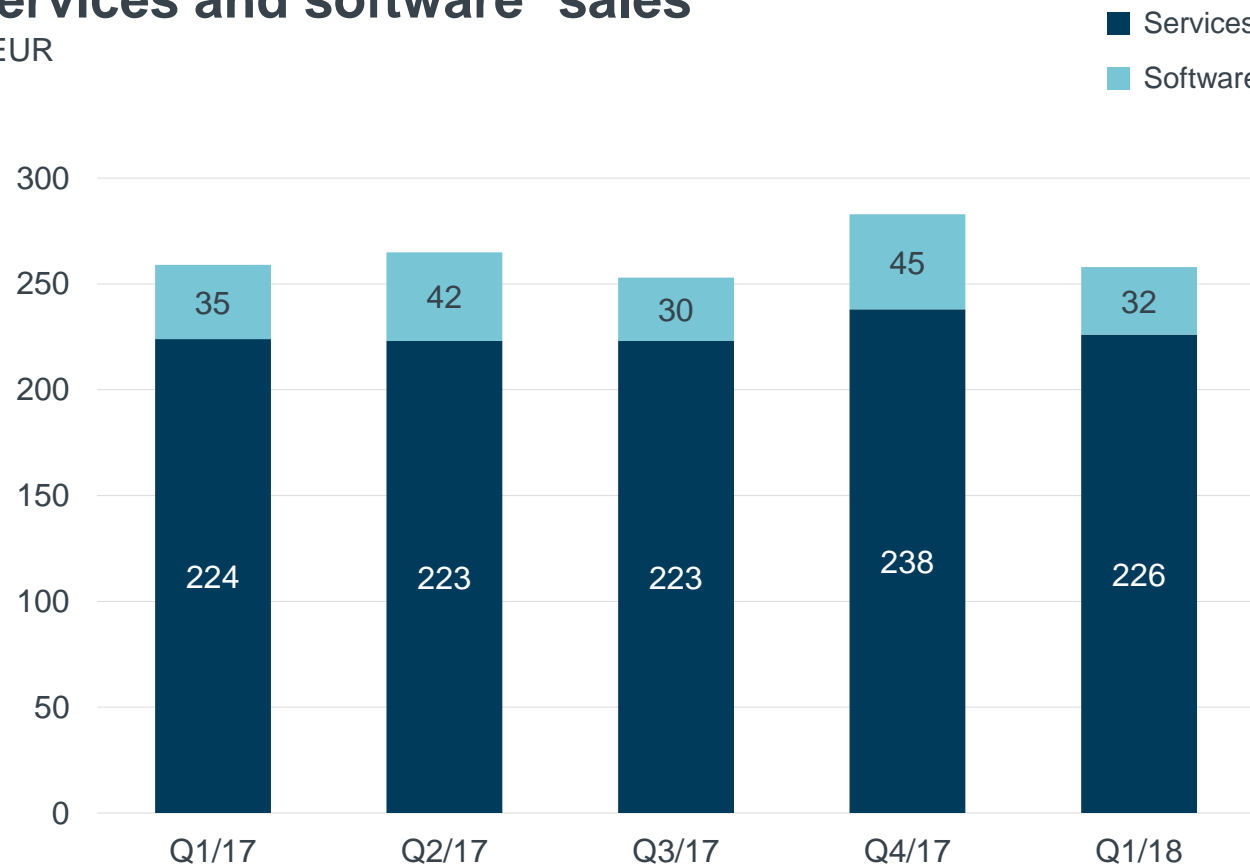
Gross profit margin improved slightly



Service and software 33% of Cargotec's total sales

Services and software* sales

MEUR



*Software sales defined as Navis business unit and automation software

Service sales grew 1%

- Kalmar +3% (+9% in comparable FX)
- Hiab +2% (+10%)
- MacGregor -4% (+0%)
- Total service sales +7% in comparable FX

Software sales declined due to currencies

- Sales at last year's level in comparable FX rates
- Subscription based Navis deal announced with Cosco
- Commercialisation of XVELA moving forward: agreements with 6 carriers

XVELA provides benefits to ocean carriers and terminal operators

- Today's container supply chain is a fragmented and siloed framework
- Information sharing between parties is not optimally structured
 - Forms of communication today include email, phone calls, EDI, paper plans
 - Problems: incomplete data, errors, information not available on time
- In-house developed XVELA is a many-to-many platform to solve these issues
 - Real-time stowage collaboration
 - Port-to-port visibility and collaboration
 - Synchronisation of planning between carriers and terminals

Benefits of XVELA:

- Faster vessel turn times
- Operational efficiencies
- Cost savings





Business areas

Cargotec's January–March interim
report 2018

Kalmar Q1 – Operating profit* improved

Orders received declined slightly

- Good development in mobile equipment
- Growth in crane orders
- Orders increased by 3% in comparable FX rates

Service sales +3%

- +9% in comparable FX rates

Operating profit* increased due to improved cost efficiency

MEUR	Q1/18	Q1/17	Change
Orders received	432	448	-3%
Order book	837	973	-14%
Sales	371	364	+2%
Operating profit*	28.7	27.9	+3%
Operating profit margin*	7.7%	7.7%	+8bps



Hiab Q1 – Good underlying development continued

Orders received continued to grow in EMEA

- Growth in EMEA +16%
- Strong growth in loader cranes and forestry cranes
- Orders increased by 14% in comparable FX rates

Sales improved slightly

Operating profit declined due to:

- Lower USD/EUR exchange rate
- Investments in sales and service capabilities as well as digitalisation

MEUR	Q1/18	Q1/17	Change
Orders received	307	288	+7%
Order book	329	302	+9%
Sales	276	270	+2%
Operating profit*	36.1	39.5	-9%
Operating profit margin*	13.1%	14.6%	-158bps



MacGregor Q1 – Turnaround takes time in long-lead business

Orders received grew in merchant sector, offshore declined

- No large single orders received during the quarter
- Orders increased by 7% in comparable FX rates

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

Operating profit* decreased due to lower sales

MEUR	Q1/18	Q1/17	Change
Orders received	124	121	+2%
Order book	519	547	-5%
Sales	126	158	-20%
Operating profit*	0.2	2.2	-91%
Operating profit margin*	0.2%	1.4%	-123bps



Previously announced cost savings programmes proceeding

- EUR 50 million annual group-wide savings from 2020 onwards
 - EUR 12 million cumulative savings at the end of Q1/18
- EUR 13 million in 2018 (MacGregor)
 - EUR 4.5 million savings in Q1/18
- EUR 13 million in 2018 (Kalmar)
 - Relocation of assembly operation completed
 - EUR 1 million savings in Q1/18
- Product redesign and project management improvement continues in 2018



Financials and outlook

Cargotec's January-March interim
report 2018



Key figures – Orders received at last year's level

	Q1/18	Q1/17**	Change
Orders received, MEUR	863	857	+1%
Order book, MEUR	1,684	1,821	-8%
Sales, MEUR	773	792	-2%
Operating profit*, MEUR	57.0	58.9	-3%
Operating profit*, %	7.4%	7.4%	-6bps
Restructuring costs, MEUR	3.8	2.9	+31%
Operating profit, MEUR	53.2	56.0	-5%
Operating profit, %	6.9%	7.1%	-19bps
Net income, MEUR	33.7	36.2	-7%
Earnings per share, EUR	0.52	0.56	-7%
Earnings per share, EUR***	0.56	0.60	-5%

*) Excluding restructuring costs

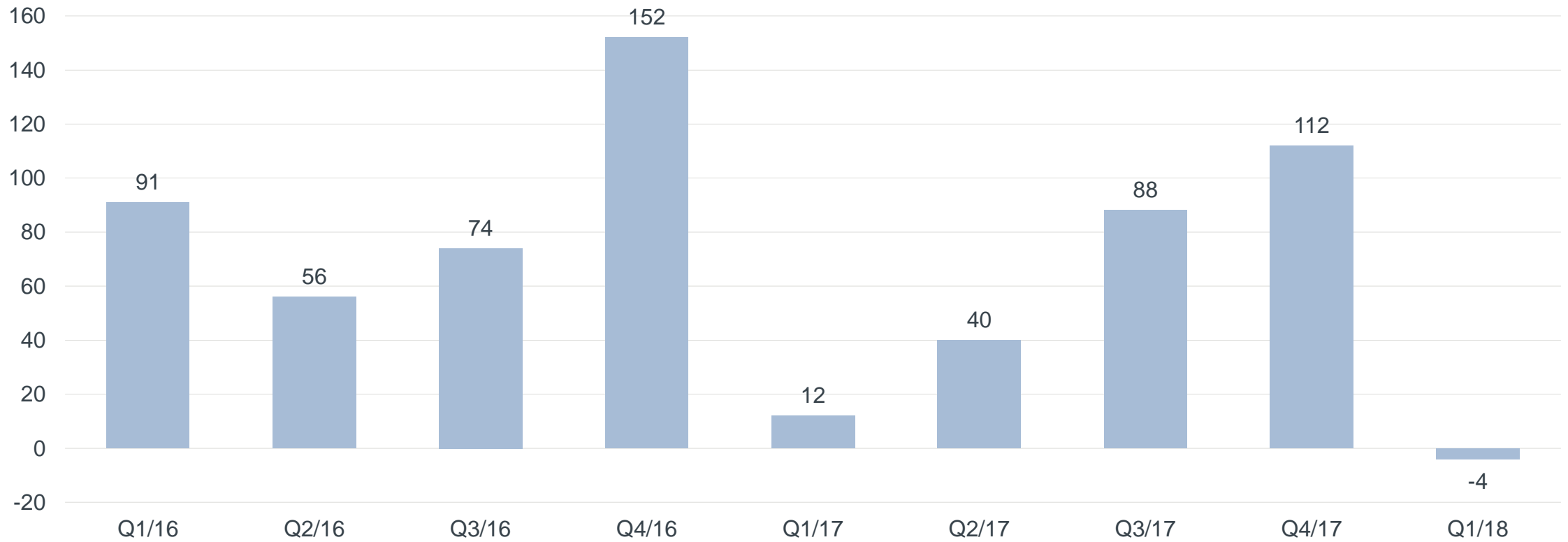
***) Year 2017 figures have been restated according to IFRS 15

***) Excluding restructuring costs, using reported effective tax rate

Cash flow from operations weak due to supply chain issues

Cash flow from operations

MEUR



Strong balance sheet

Net debt EUR 575 million (31 Dec 2017: 472)

- Average interest rate 2.3% (2.3%)
- Net debt/EBITDA 2.0 (1.6)

Total shareholders' equity EUR 1,381 million (1,423)

- Equity/total assets 40.9% (41.4%)

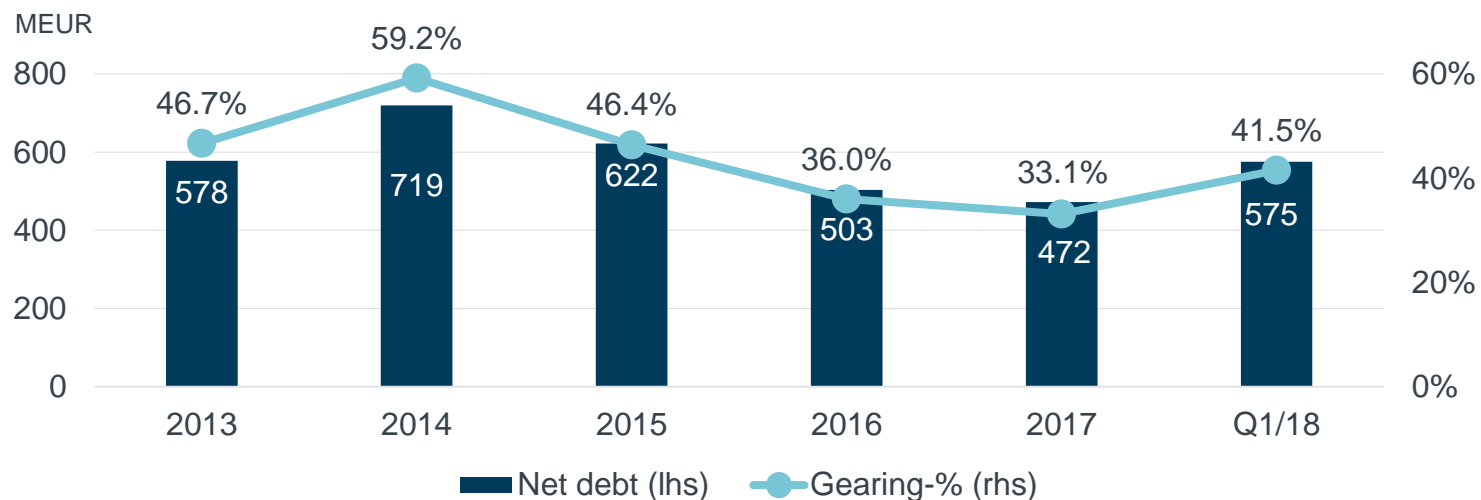
Well diversified loan portfolio:

- Bonds EUR 464 million
- Bank loans EUR 302 million
- EUR 300 million revolving credit facility refinanced in Q2/17, the facility is fully undrawn

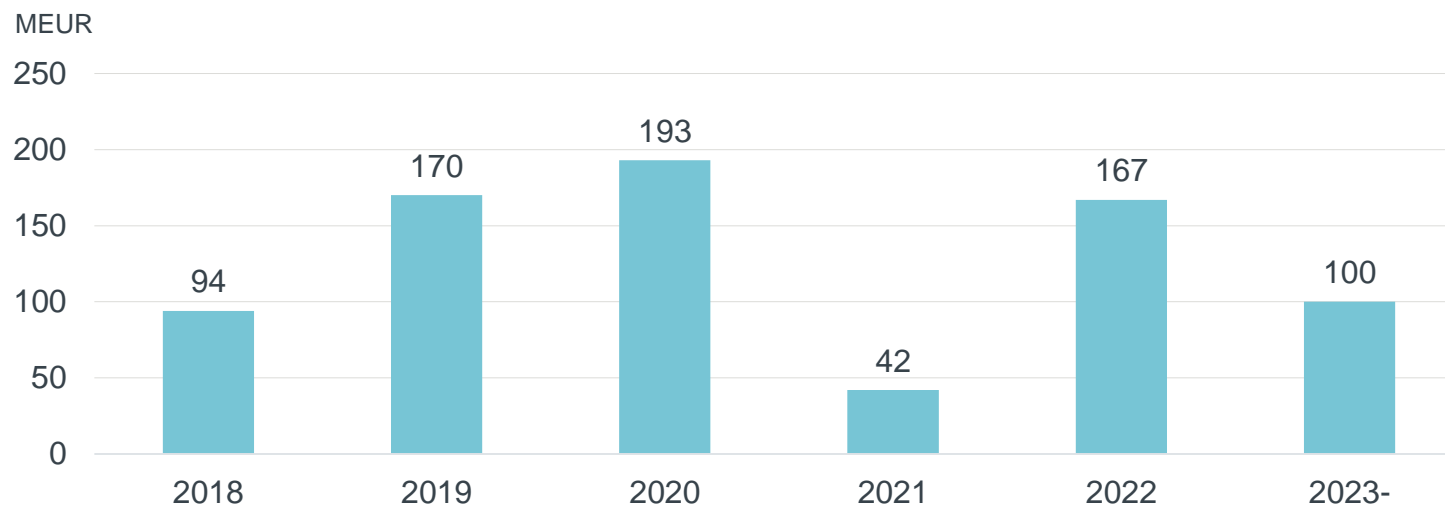
Balanced maturity profile

- EUR 94 million loans maturing in 2018

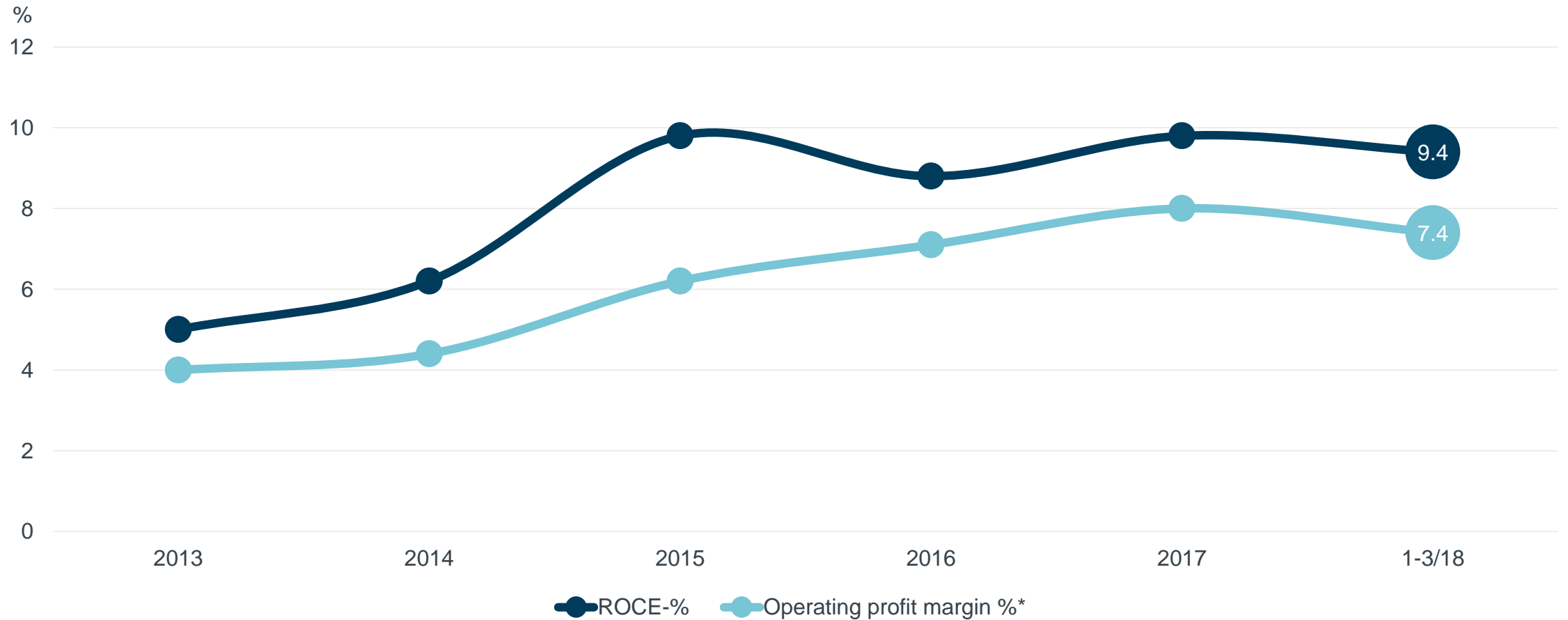
Net debt and gearing



Maturity profile



Operating profit* margin and ROCE development



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



Outlook for 2018

Cargotec reiterates its outlook published on 8 February 2018 and expects its operating profit excluding restructuring costs for 2018 to improve from 2017 (EUR 258.6 million, IFRS 15 restated).

