

Investor presentation, June 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



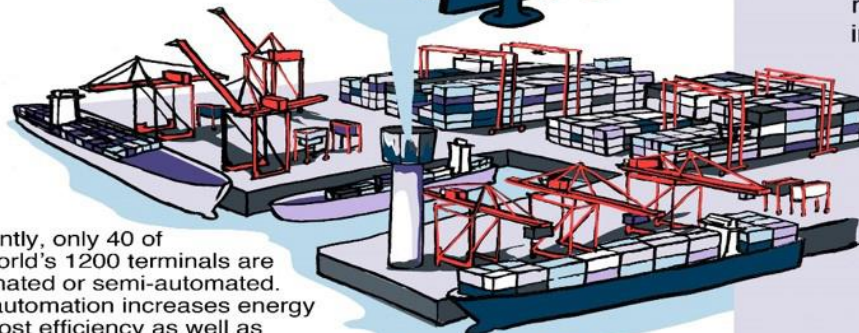
● Transformation from
equipment provider
into a leader in intelligent
cargo handling



● 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

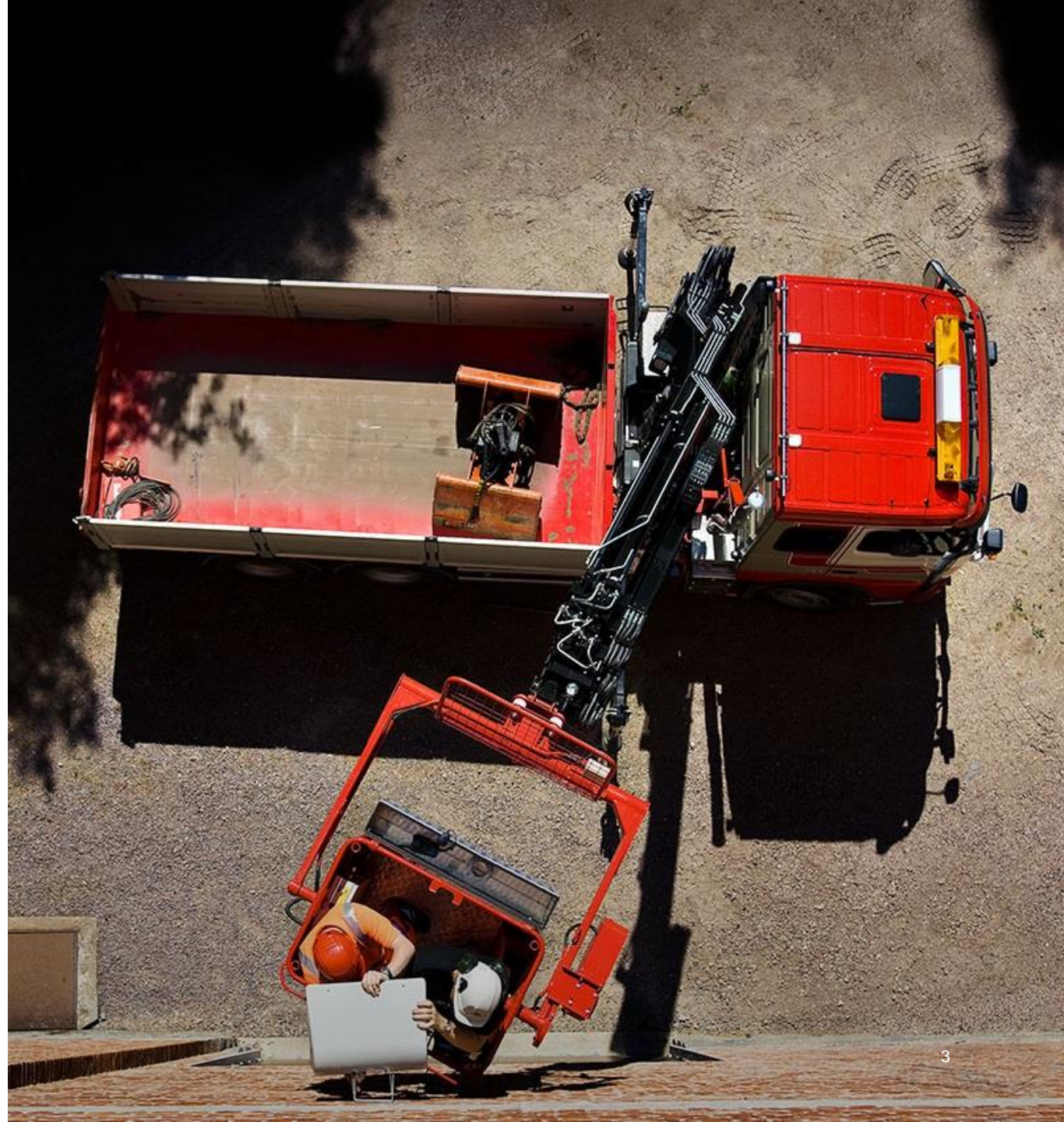


€ Financial targets

- 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

Content

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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)

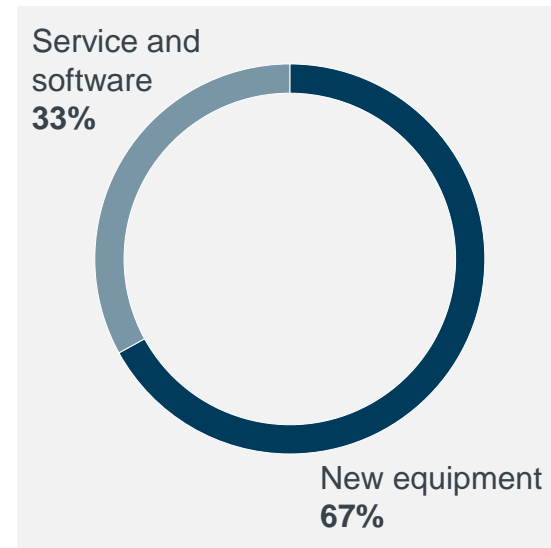
Hiab

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

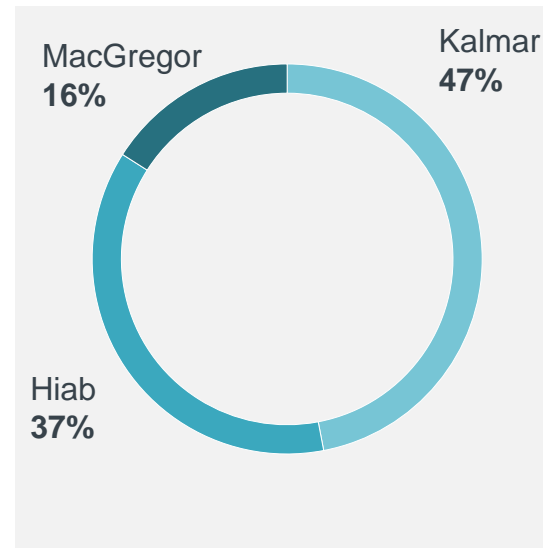
MacGregor

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

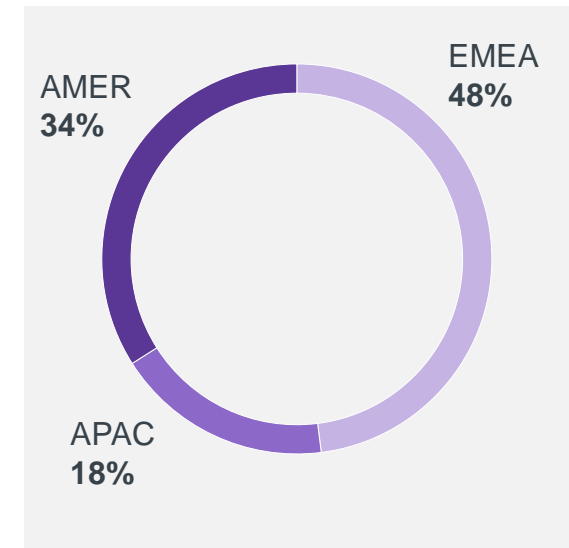
Sales split: new equipment vs service and software



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

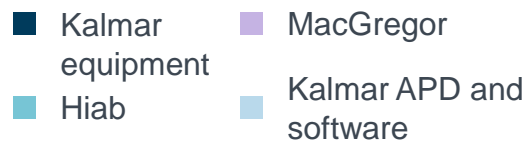
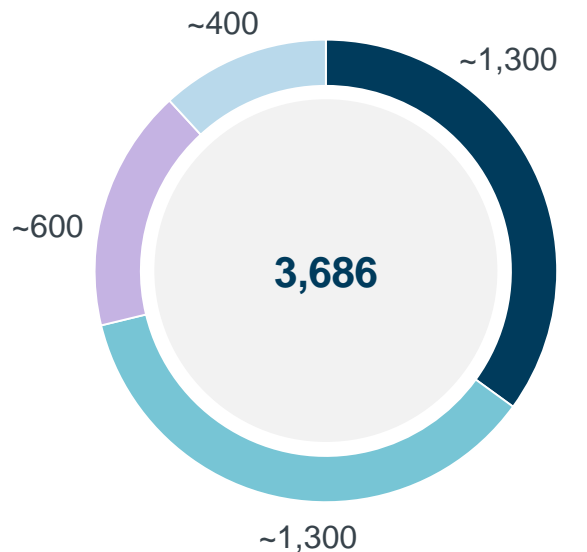
Other competitors



Currently two businesses performing well

Net sales Q1/2020, last 12 months

EUR million



	Trend in orders, last 12 months	Profitability: Comparable EBIT margin (Q1/2020)
Kalmar software (Navis) and Automation and Projects division	→	Low profitability
MacGregor	-1%	-3.5%
Hiab	-2%	10.0%
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

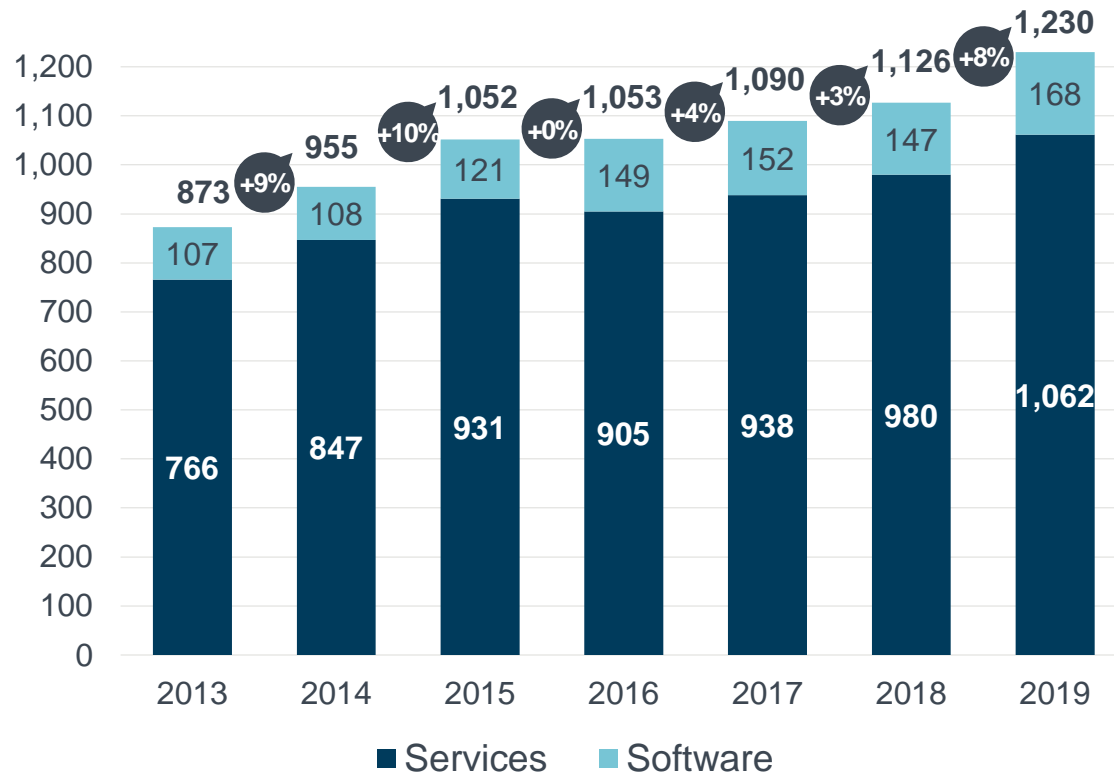
2. Our vision is to become the global leader in intelligent cargo handling

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*

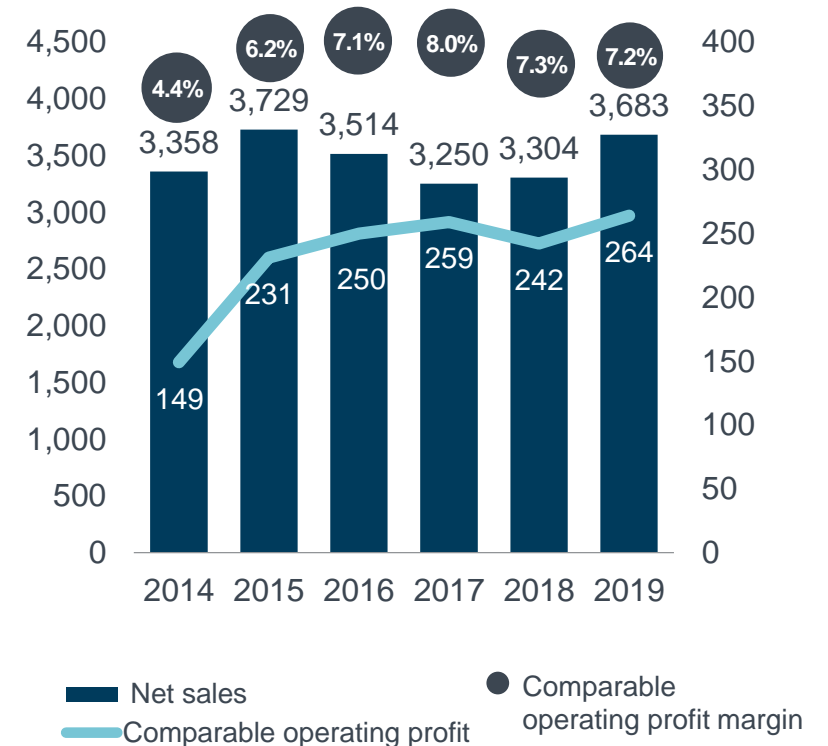
Higher service and software sales key driver for profitability improvement

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



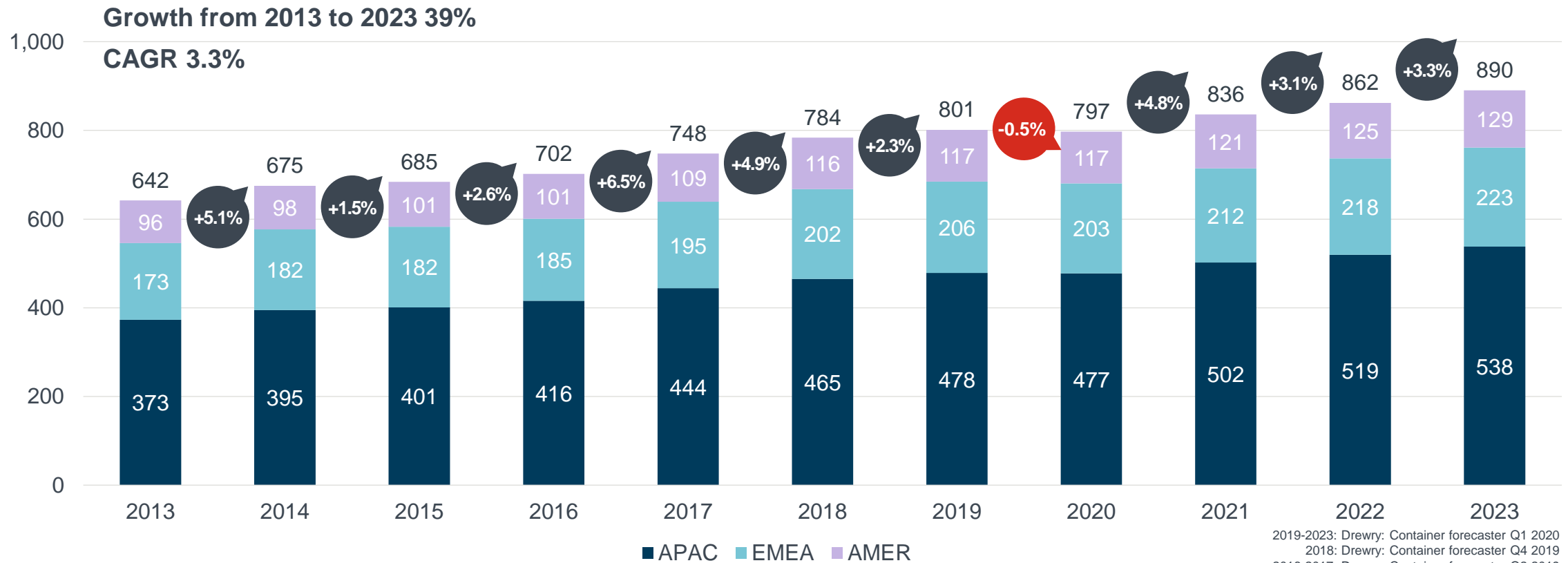
*Target announced in September 2017

Kalmar



Container throughput to be impacted by COVID-19 situation but forecasted to recover

TEU million

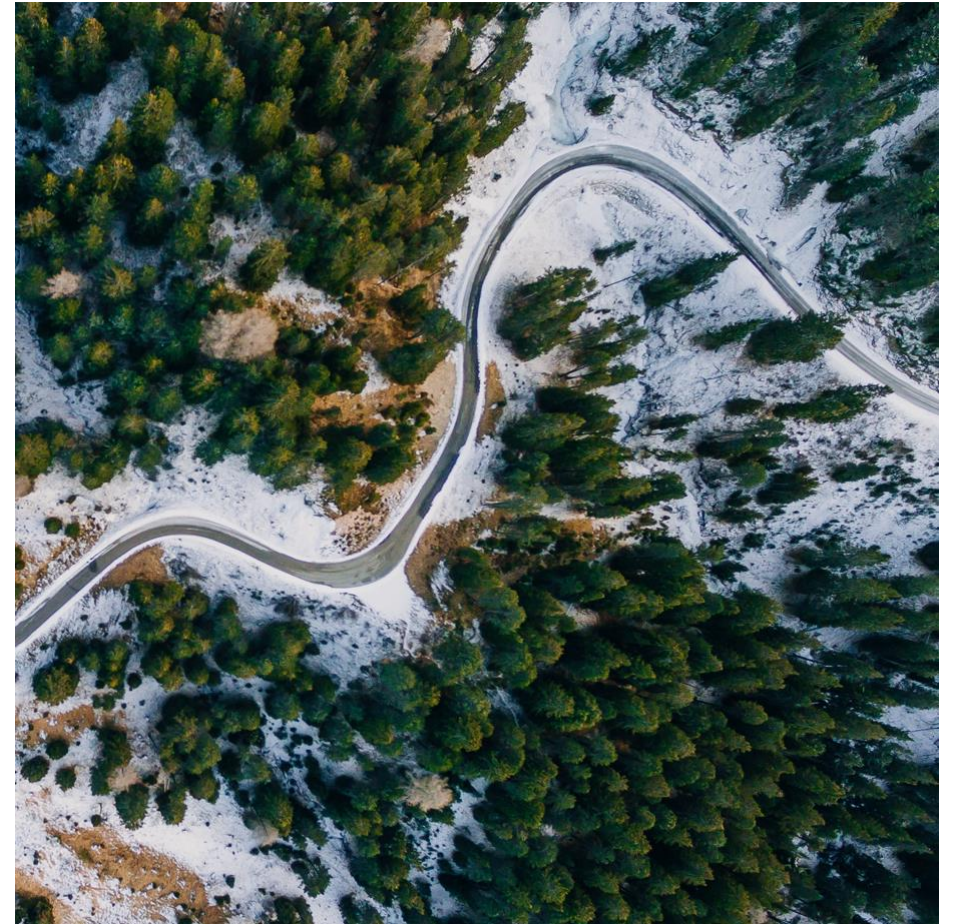


2019-2023: Drewry: Container forecaster Q1 2020
 2018: Drewry: Container forecaster Q4 2019
 2016-2017: Drewry: Container forecaster Q2 2019
 2015 Drewry: Container forecaster Q2 2018

2013-2014 Drewry Global Container Terminal Operators Annual Report 2013

Cargotec to evaluate strategic options for Navis business

- Due to the COVID-19 pandemic, the evaluation is paused and we return to it later (situation 24 April 2020).
- 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

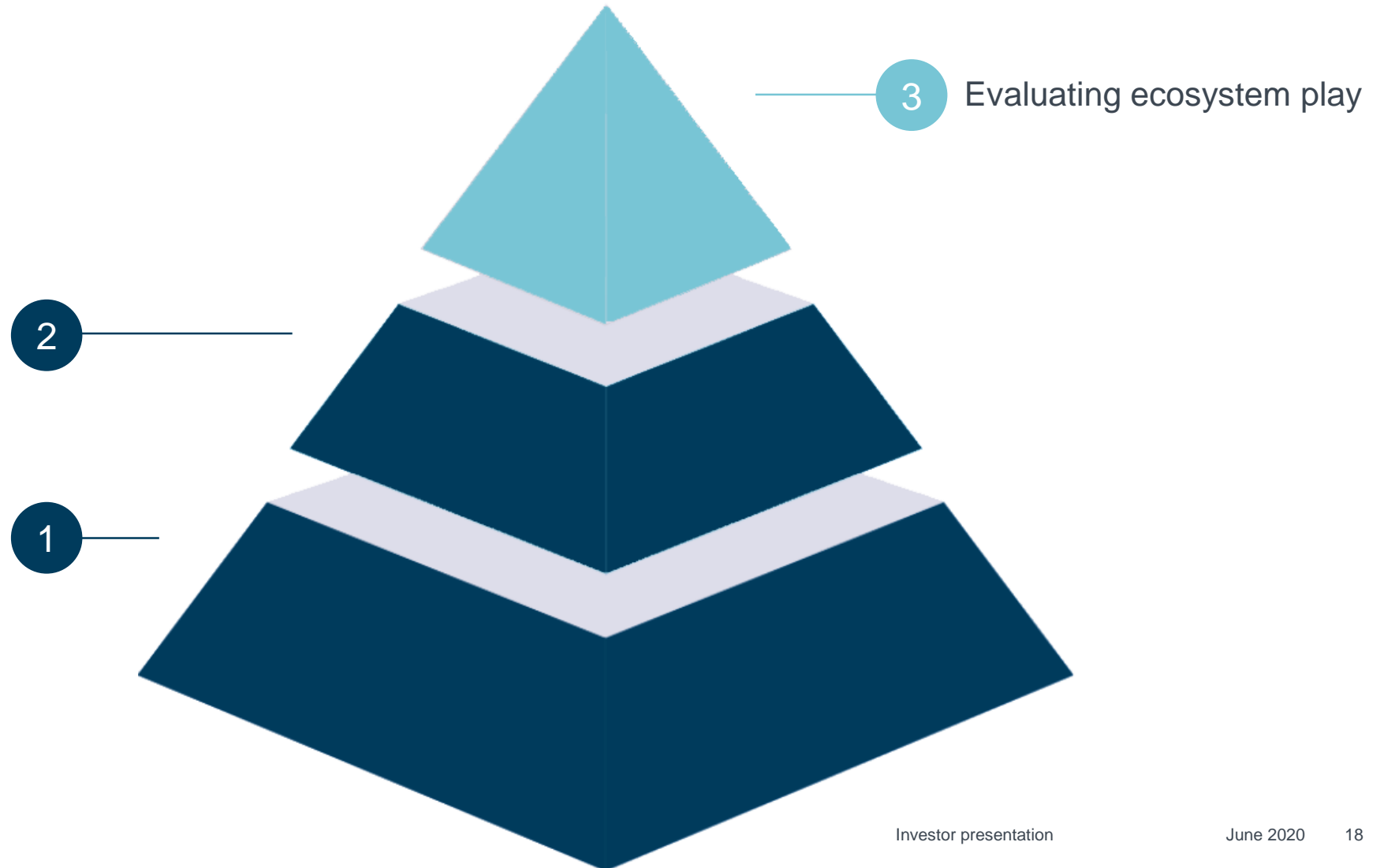


Committed to become the leader in intelligent cargo handling – evaluating future options for value creation

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

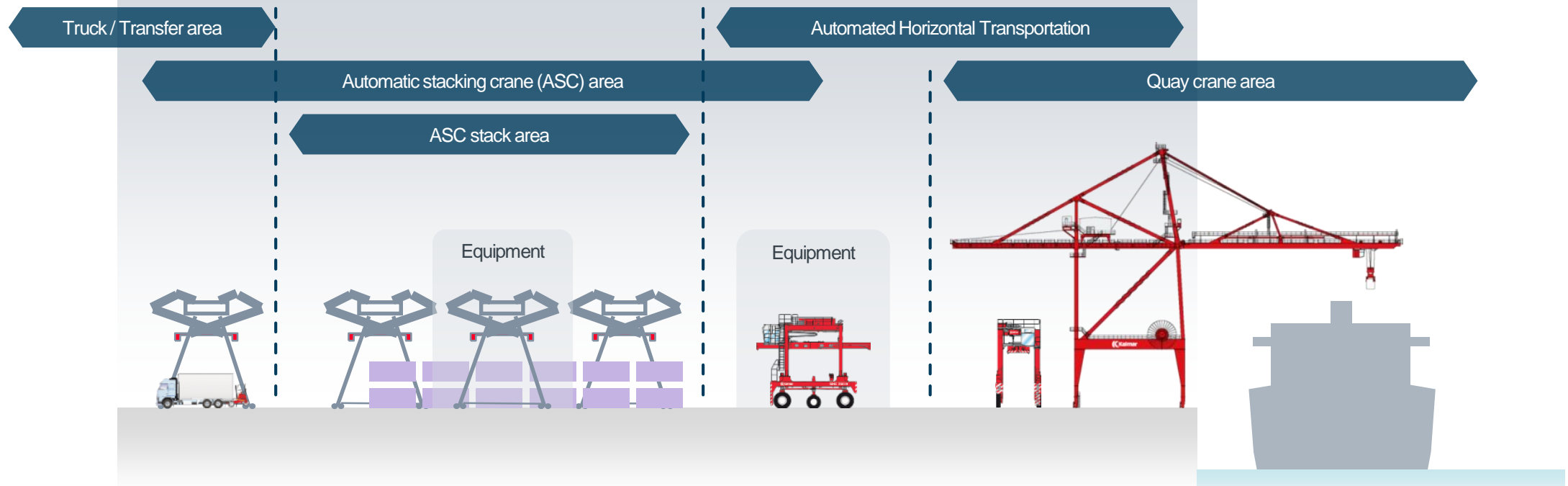
Terminal Operating System (TOS) coordinates and optimizes the planning and management of container and equipment moves



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

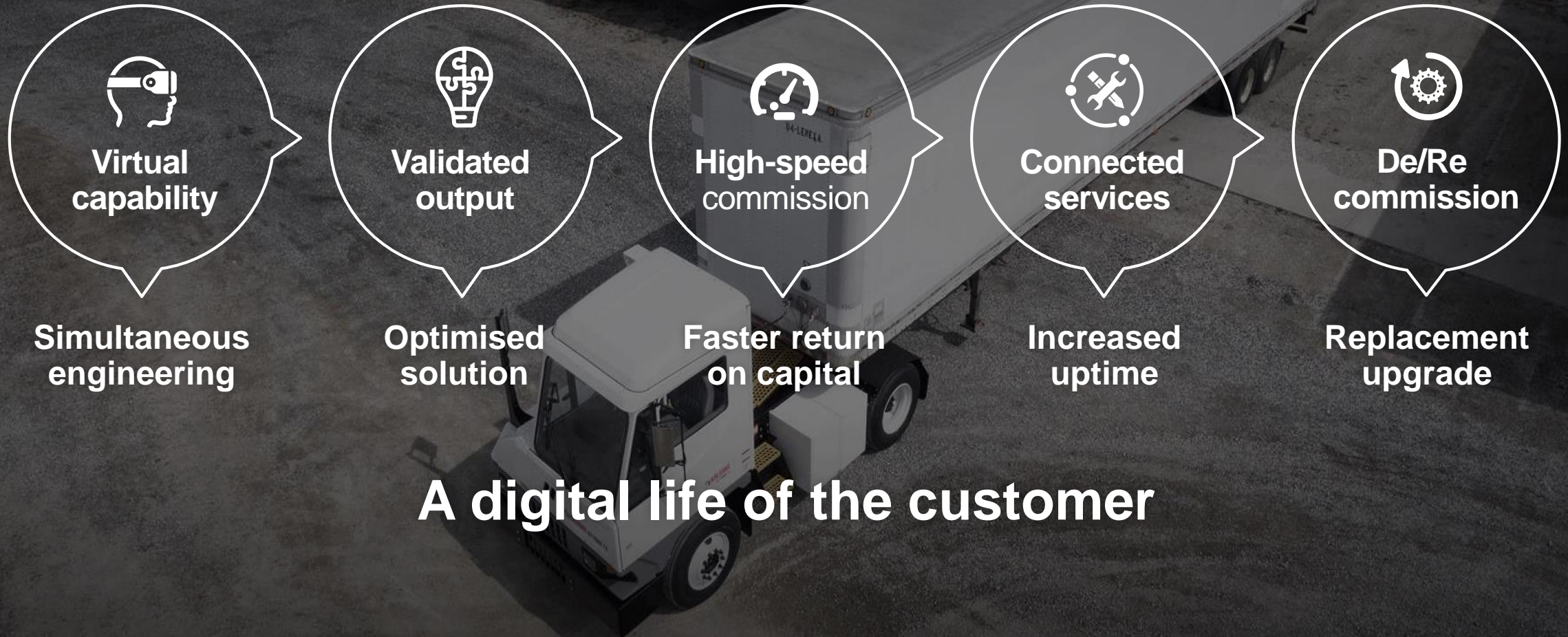
AUTOMATED SOLUTION

ROBOTICS FUNCTIONALITY

Digitalisation • Autonomous • Electrification

KALMAR EQUIPMENT

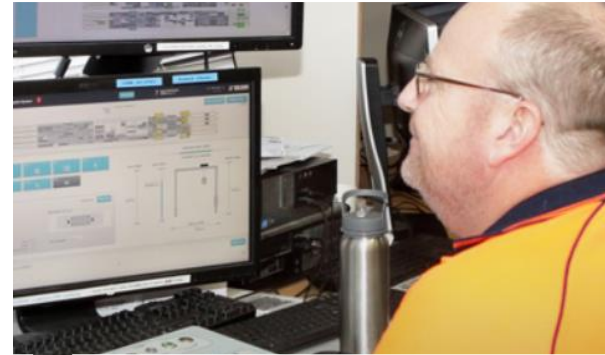
Towards new business models



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



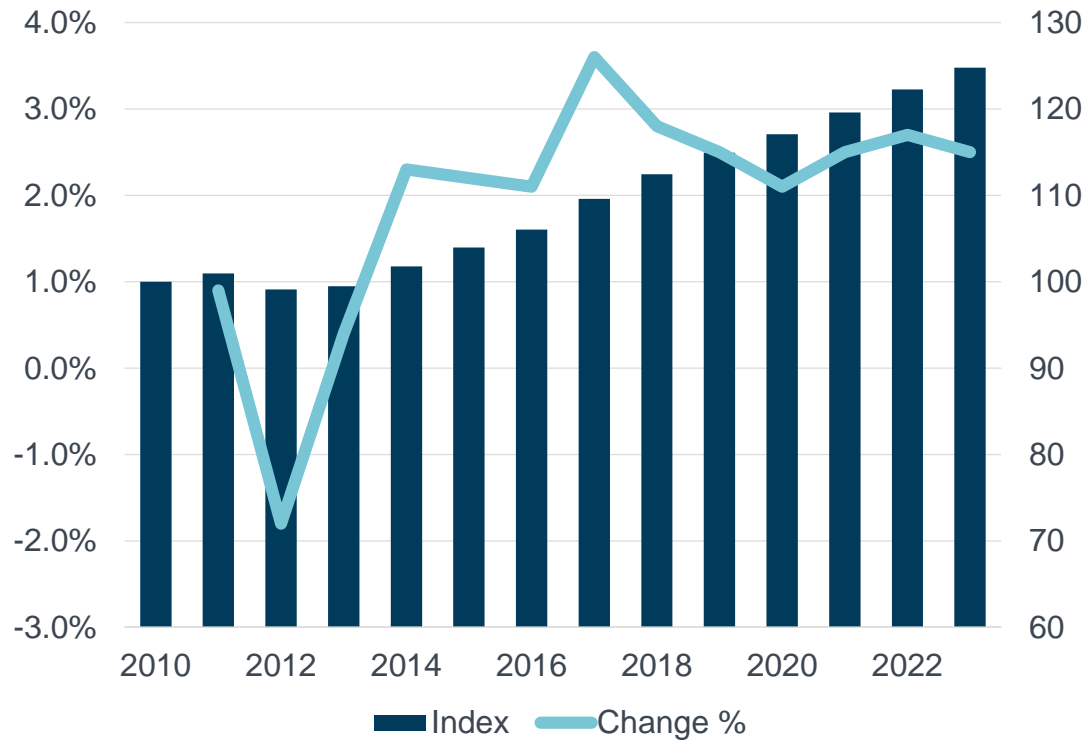
Hiab



Construction output driving growth opportunity

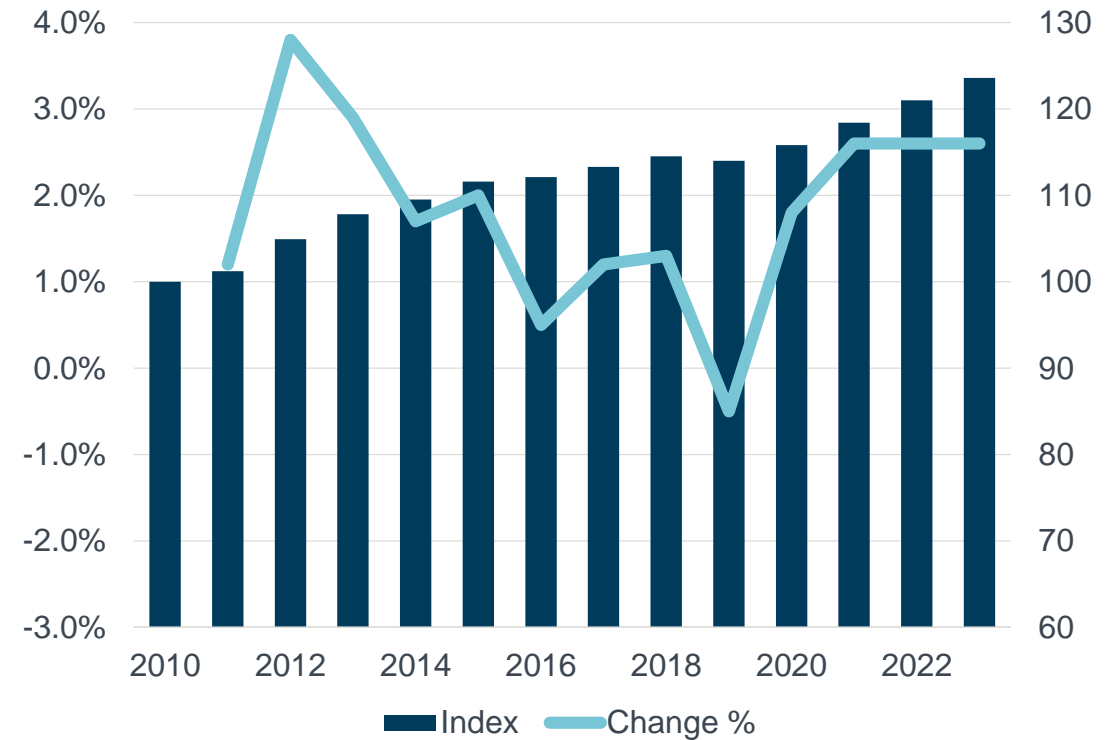
EMEA construction output

y/y change (%)







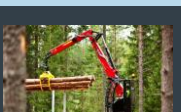
AMER construction output

y/y change (%)



Oxford Economics: Industry output forecast
3/2020

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



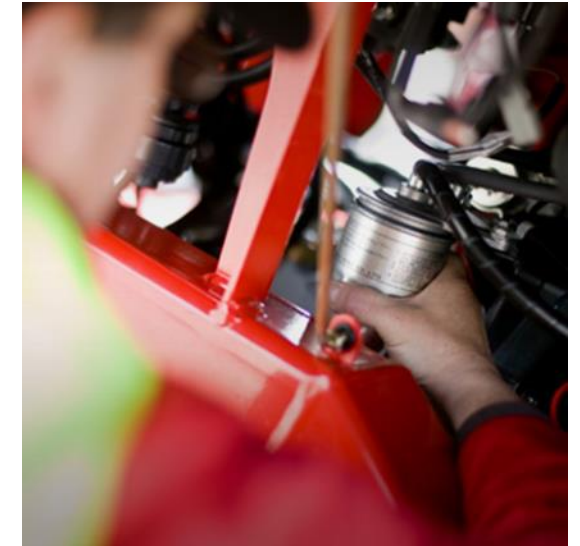
Tail lifts

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

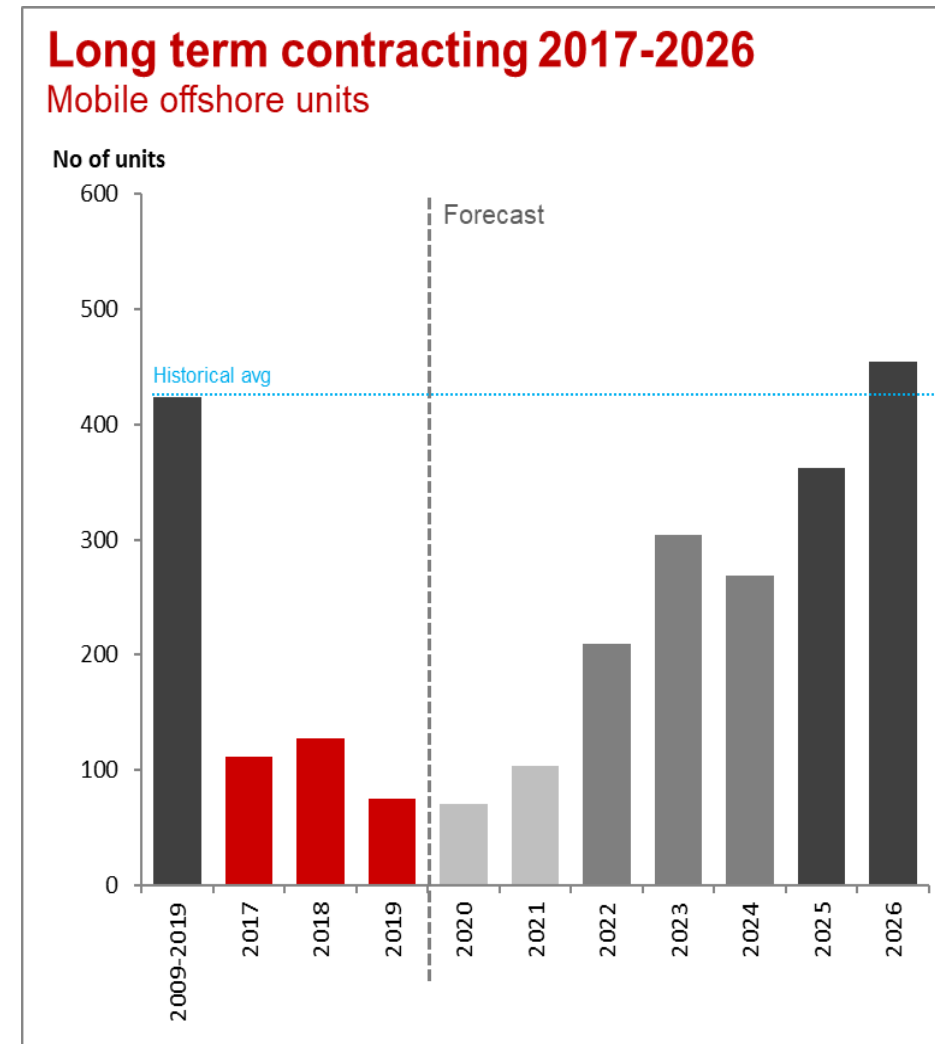
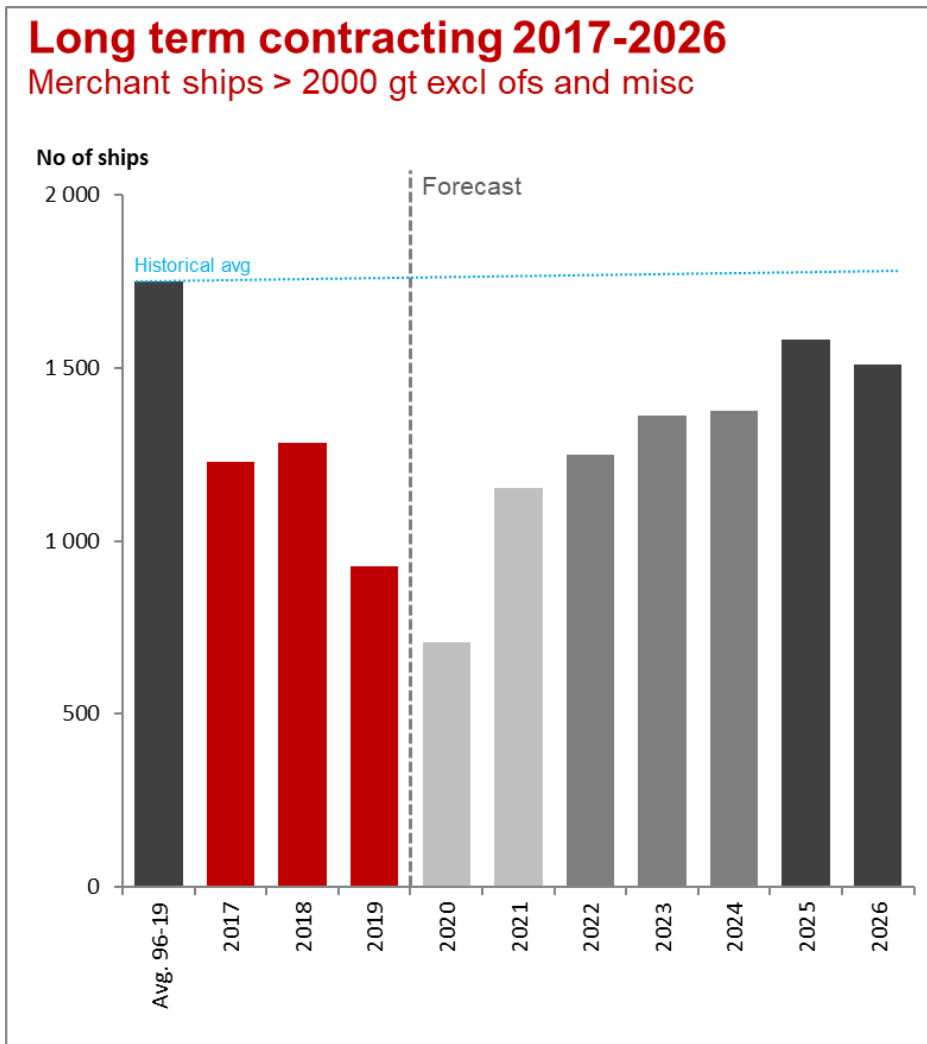
Lifecycle Services



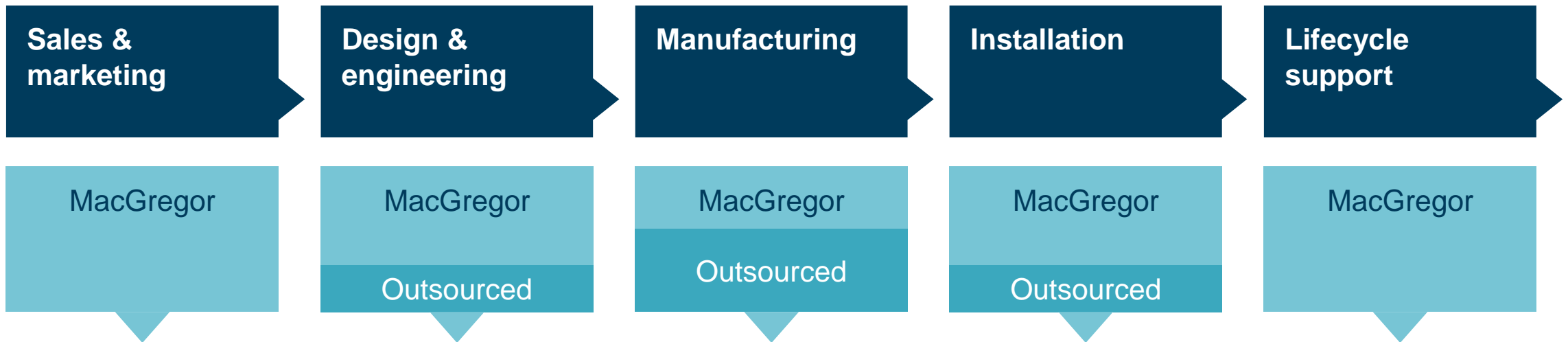
Picture: Equinor

Merchant Ships and Offshore contracting – short-term challenges

Increased uncertainty and weakening global economy limit ship owners' interest to invest



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

- Of which EUR 3 million achieved during Q1/2020

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 Q1 2020 – Lower comparable operating profit due to less favourable business mix

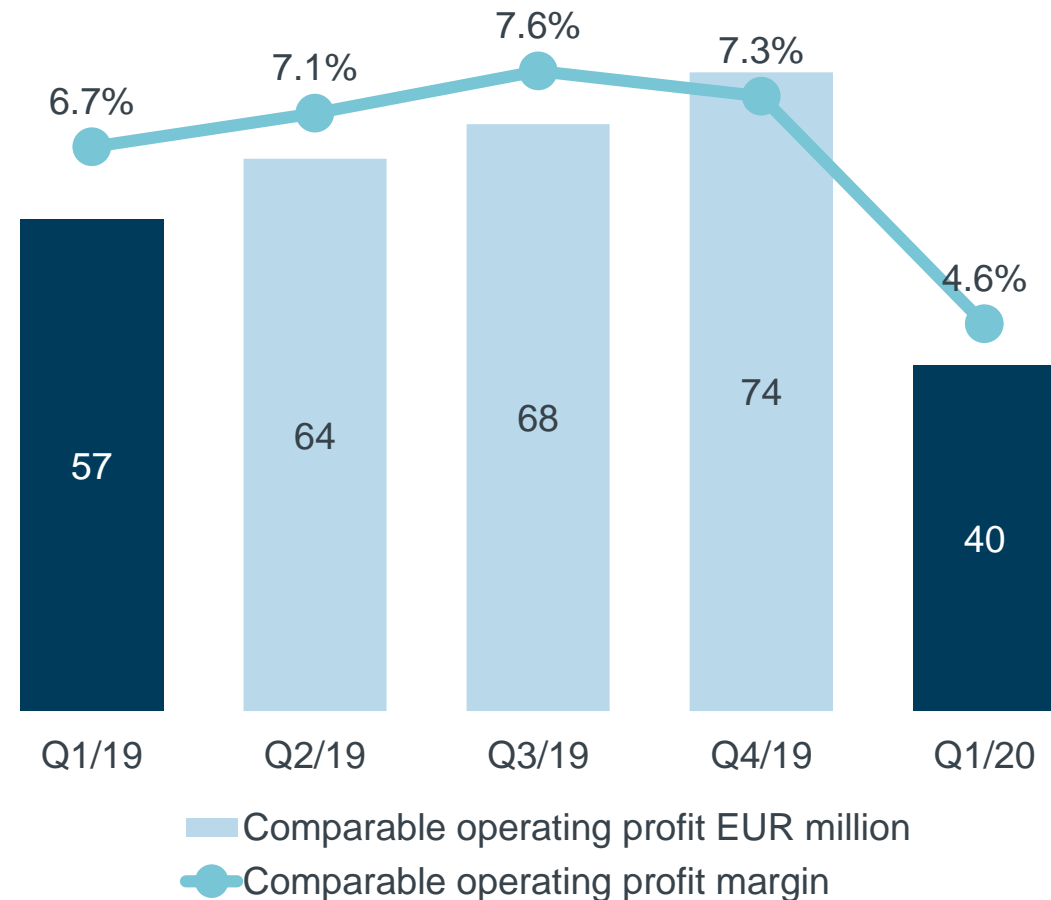
Orders received decreased by 24%

Sales remained on Q1/2019 level

Comparable operating profit decreased by 31%

- Kalmar -21%
- Hiab -11%
- MacGregor's comparable operating profit was -5 MEUR

Assessment of strategic options for Navis paused



The coronavirus pandemic affected Cargotec in Q1/20

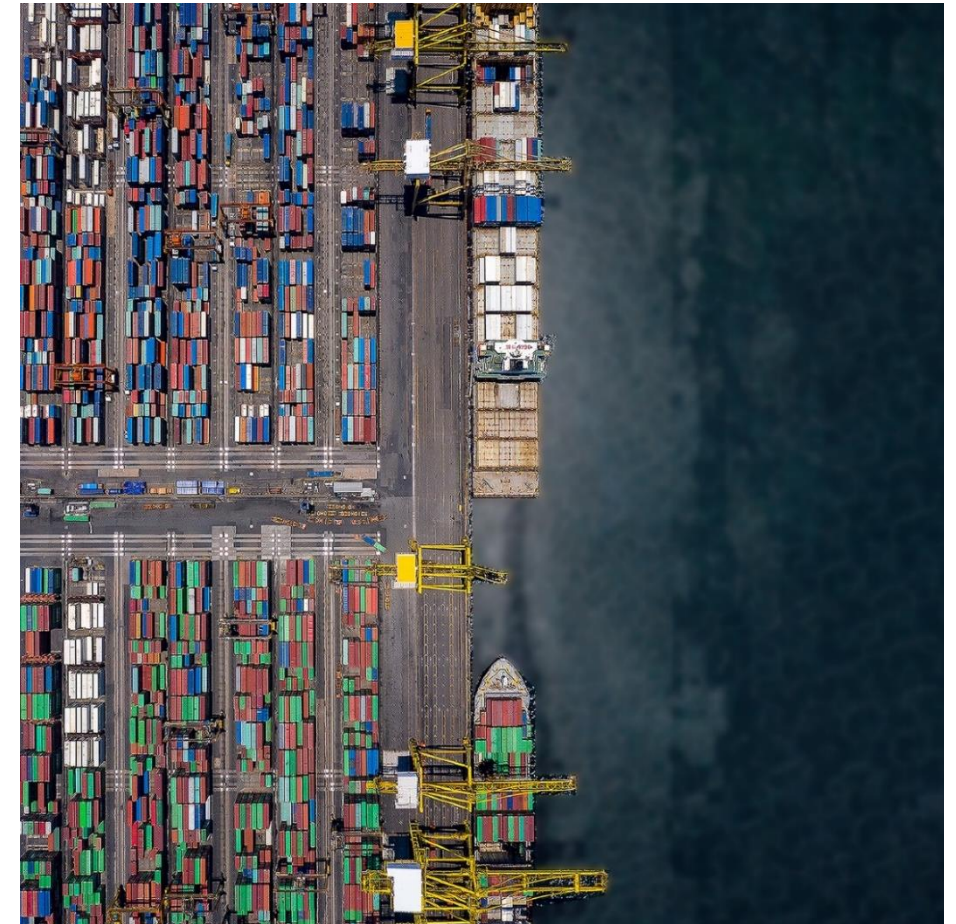
Safety of our personnel and customers top priority

Increasing uncertainty and restrictions set by authorities have slowed decision making and weakened orders received throughout Q1

- Challenges in supply chain: lack of components
- Assembly units in Italy, Spain, Malaysia and Ireland closed during March
- Delays in delivery schedules, limited access for specialists

Weak visibility

Group wide focus on safeguarding business continuity, cash and adjusting cost structure



Rapid reaction to adjust cost structure

Group wide temporary cost savings programme (communicated 27 March)

- Office workers (ca. 6,000 employees) have shifted to a four-day working week with a corresponding reduction in salaries.
- Until further notice and with their consent, the salaries of the company's management have been reduced by 20 percent as of 1 April.
- External services reduced
- Travel minimised
- Expected savings 10 MEUR / month
- Cost structure adjustments will continue as the situation requires



Market environment Q1/2020

Number of containers handled at ports declined

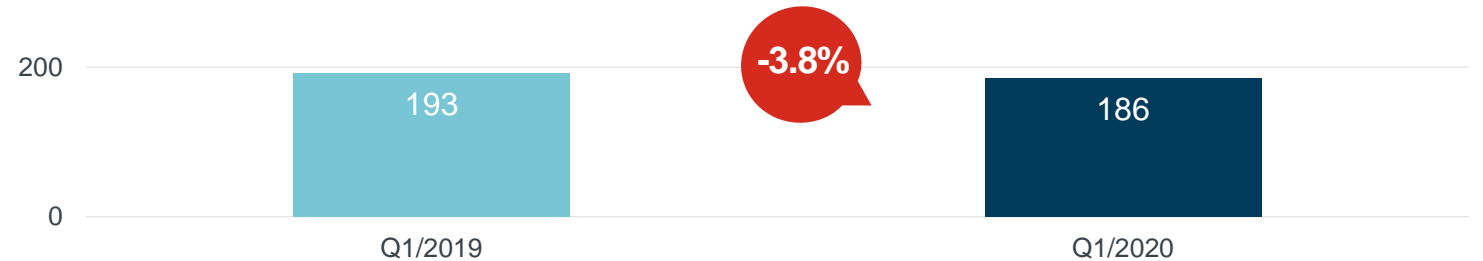
- Customers are postponing decision-making in major investments

Construction activity remained stable in Europe and US

In the merchant sector orders and activity decreased from an already low level while offshore remained at a historically low level

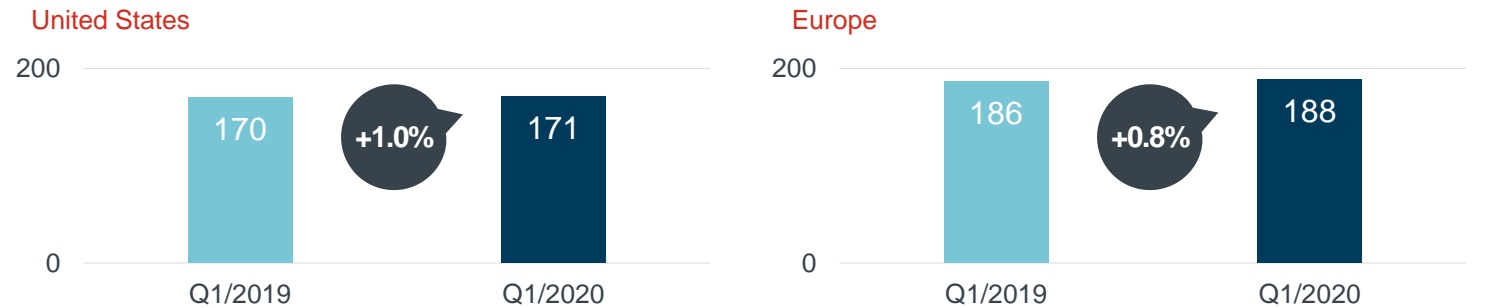
Global container throughput (MTEU) – Key driver for Kalmar

Source: Drewry



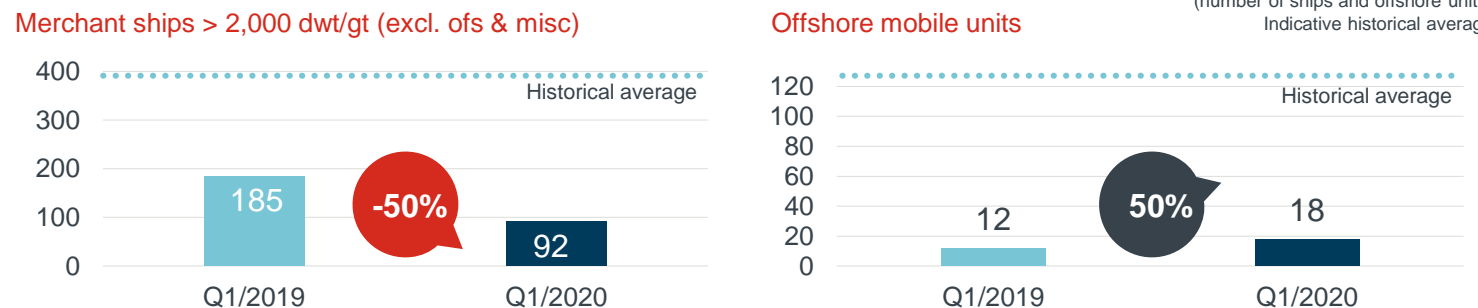
Construction output – Key driver for Hiab

Source: Oxford Economics

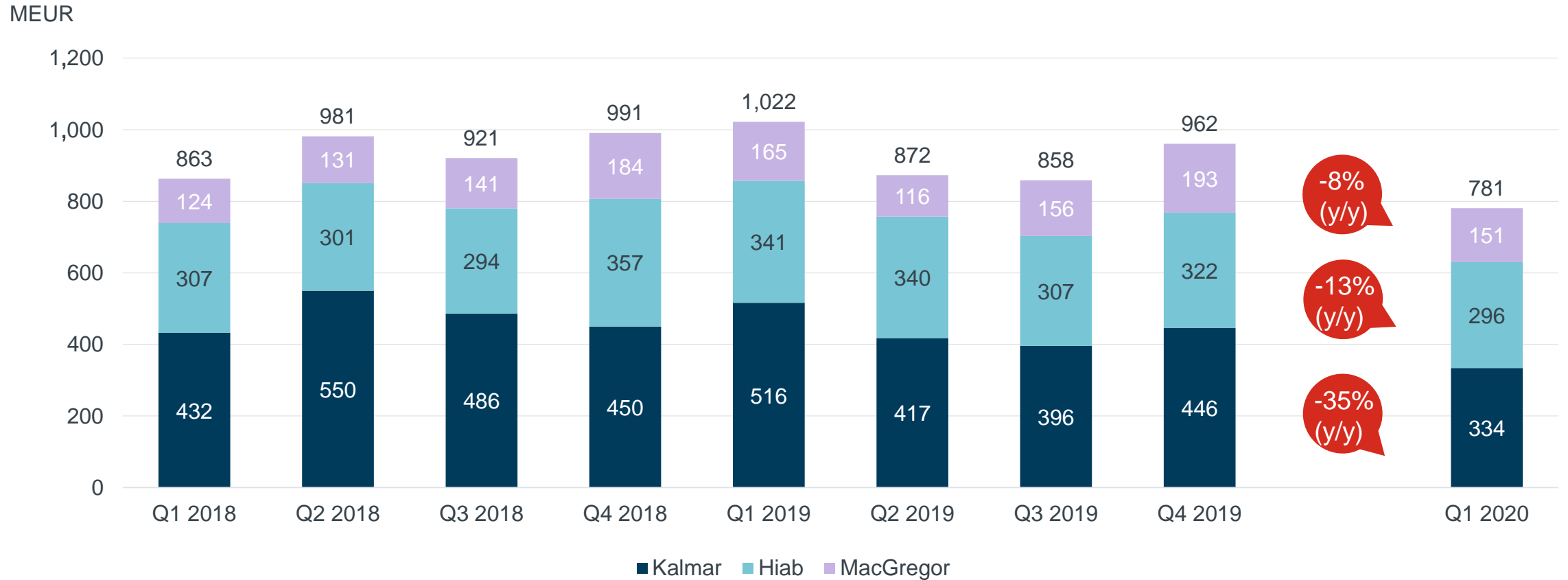


Long term contracting – Key driver for MacGregor

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



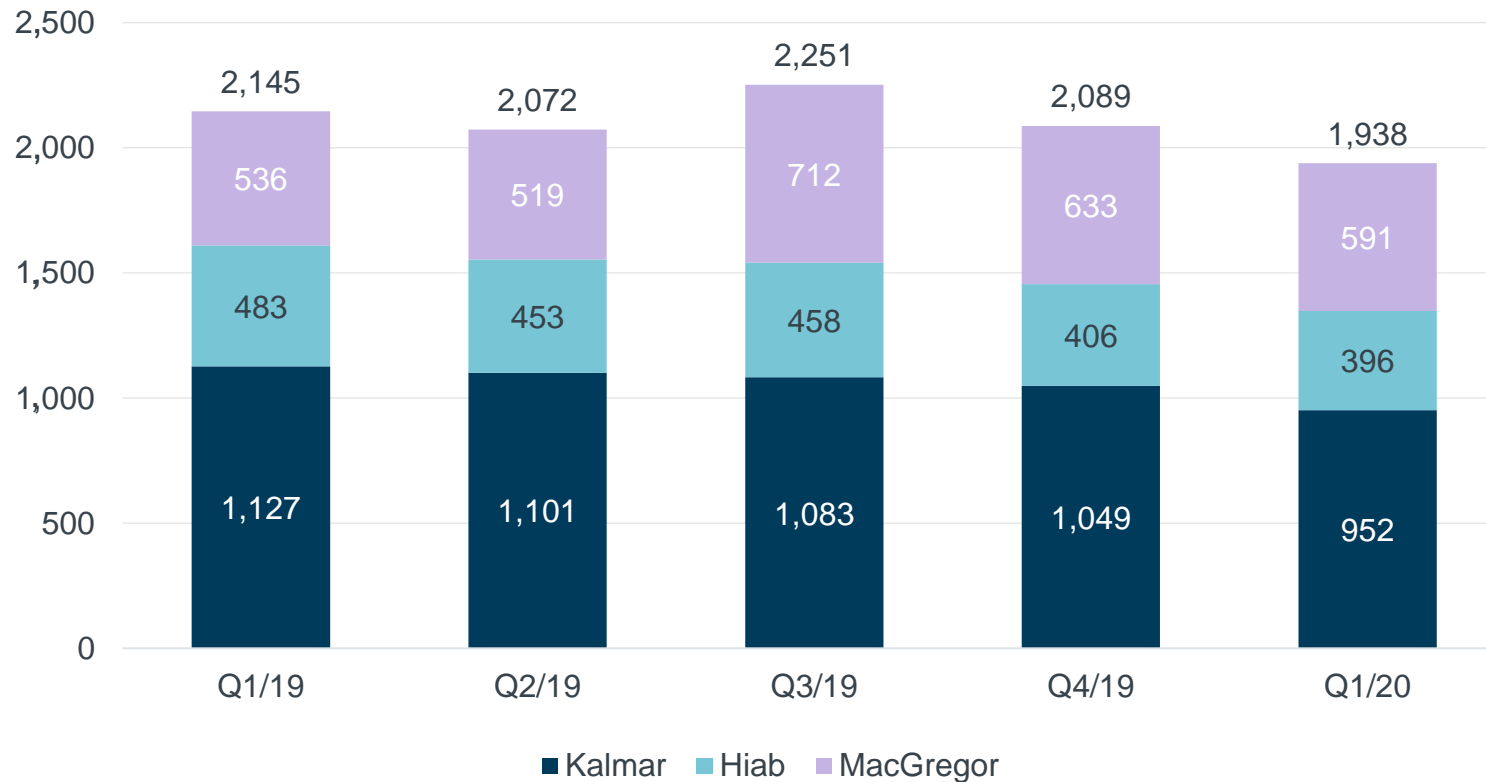
Orders received decreased in Q1/2020



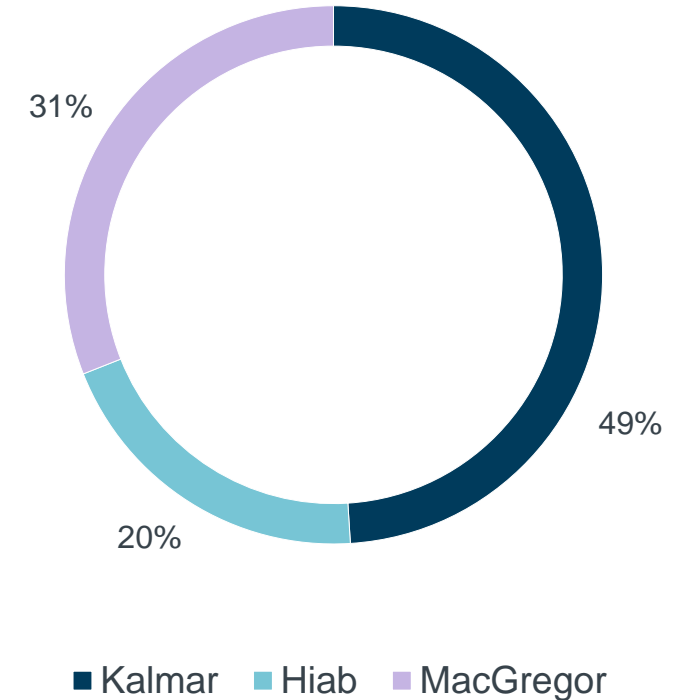
Order book remains strong

Order book

MEUR



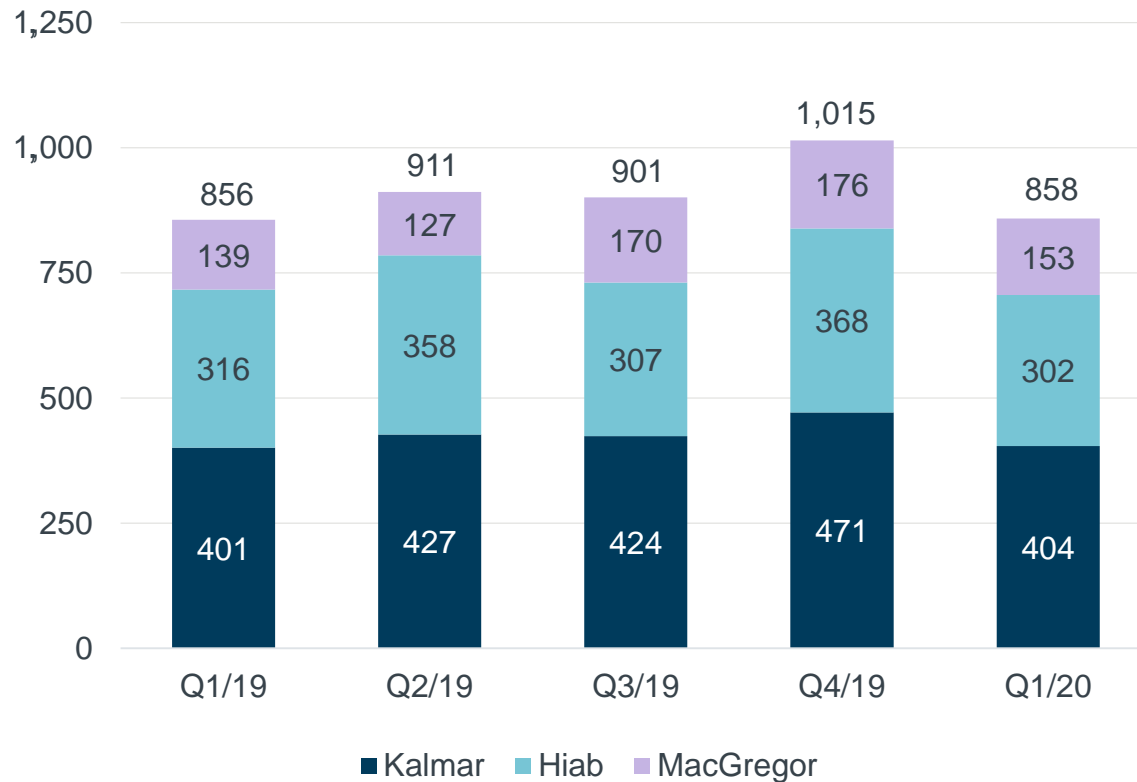
Order book by reporting segment, Q1 2020



Sales remained on the same level compared to Q1/2019

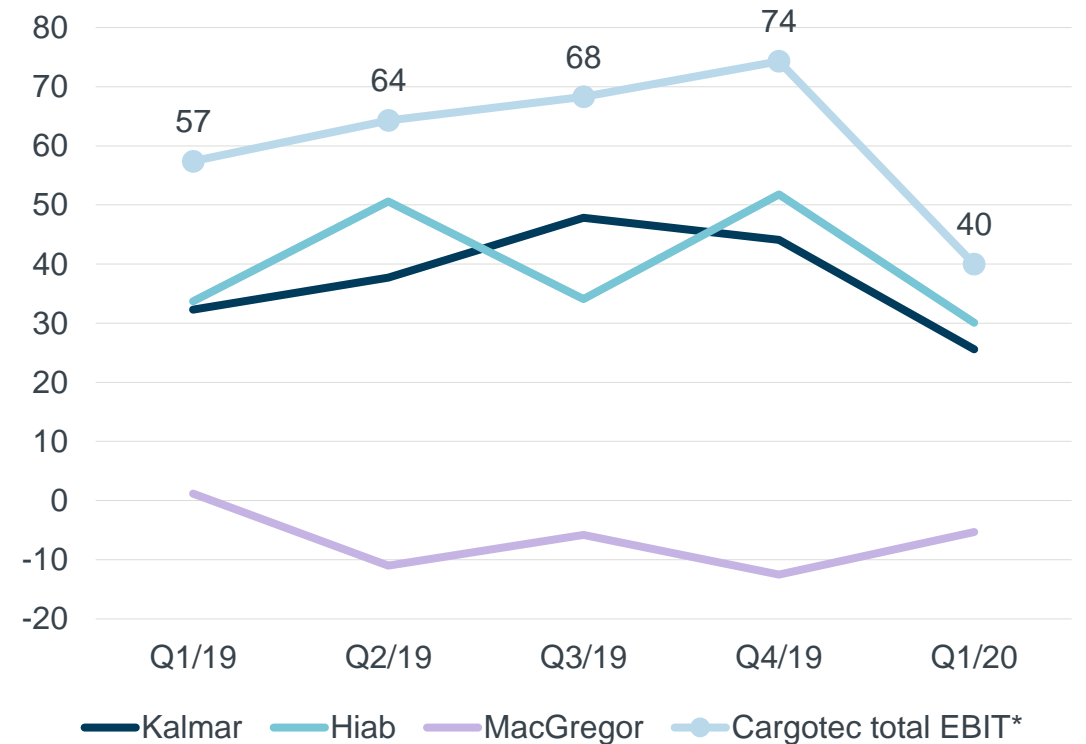
Sales

MEUR



Comparable operating profit

MEUR

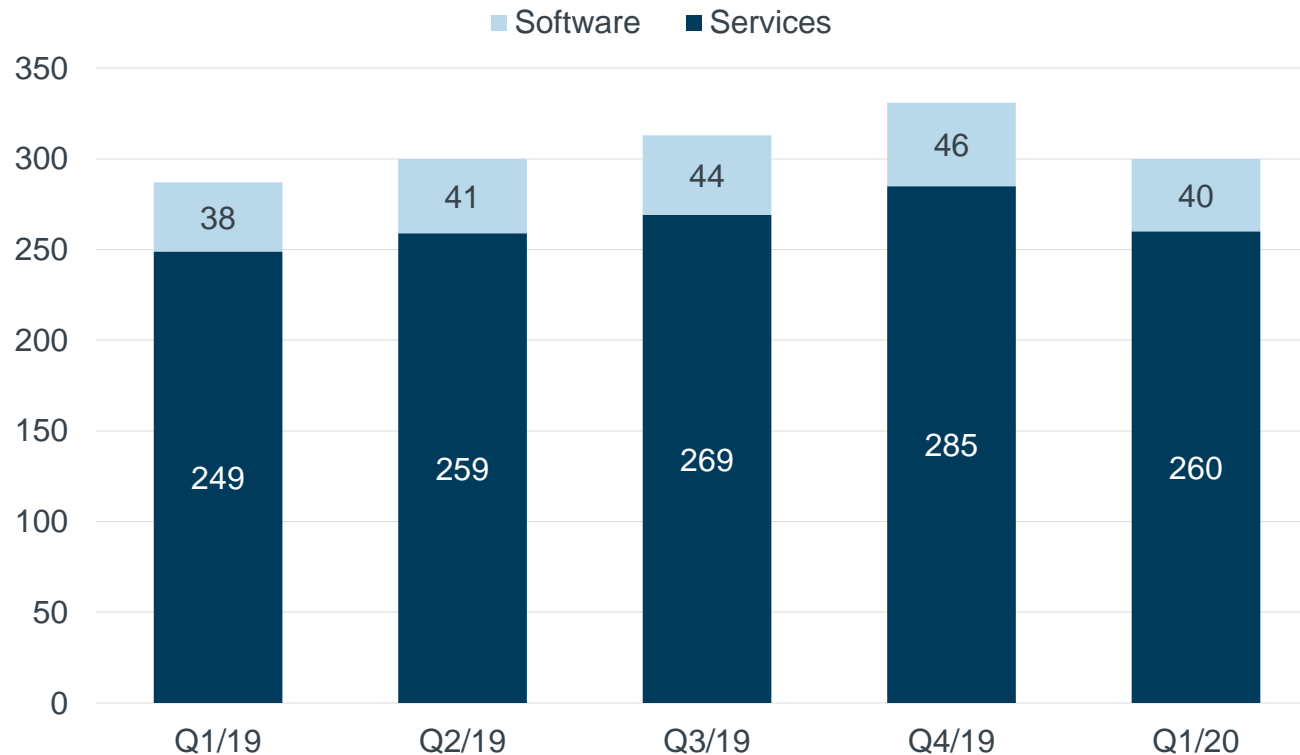


*) Including Corporate admin and support

Service and software sales continued to grow y-o-y in Q1/2020

Service and software* sales

MEUR



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

Q1/20 service sales +5%

- Kalmar -3%
- Hiab +1%
- MacGregor +24%

Software sales +7%

Service and software sales constituted 35% of total sales in Q1/20

Kalmar Q1 – Orders received and comparable operating profit declined

Orders received declined in automation orders and mobile equipment

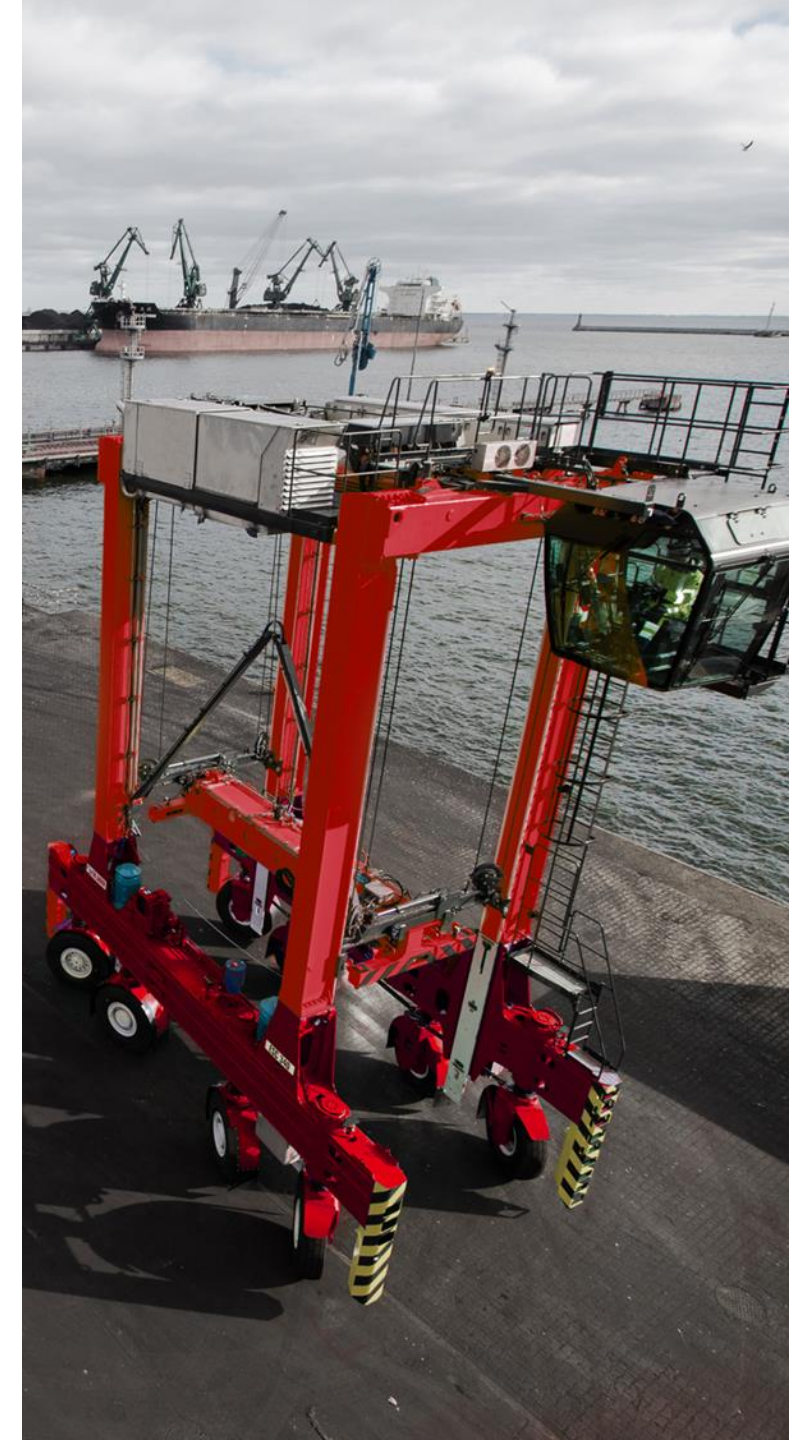
Sales remained on Q1/2019 level

- Service sales decreased by 3%

Comparable operating profit decreased

- Increased share of project deliveries
- Supply chain challenges in projects

MEUR	Q1/20	Q1/19	Change
Orders received	334	516	-35%
Order book	952	1,127	-16%
Sales	404	401	+1%
Comparable operating profit	26	32	-21%
Comparable operating profit margin	6.3%	8.1%	-180bps



Hiab Q1 – Comparable operating profit margin remained stable

Orders received decreased in all regions

Sales decreased

- Service sales increased by 1%

Comparable operating profit decreased to 30 MEUR due to lower volumes

MEUR	Q1/20	Q1/19	Change
Orders received	296	341	-13%
Order book	396	483	-18%
Sales	302	316	-5%
Comparable operating profit	30	34	-11%
Comparable operating profit margin	10.0%	10.7%	-70bps



MacGregor Q1 – Loss making quarter, service sales increased

Orders received decreased by 8%

- Decline in merchant, increase in offshore and service orders (+21%)

Sales increased by 10%

- Service sales +24%

Comparable operating profit declined

- Low capacity utilisation in certain units
- Lower sales margins

Productivity improvements ongoing

- 2 MEUR achieved from 15 MEUR cost savings programme
- Remaining 13 MEUR expected for Q2-Q4

MEUR	Q1/20	Q1/19	Change
Orders received	151	165	-8%
Order book	591	536	+10%
Sales	153	139	+10%
Comparable operating profit	-5	1	< -100%
Comparable operating profit margin	-3.5%	0.9%	-440bps



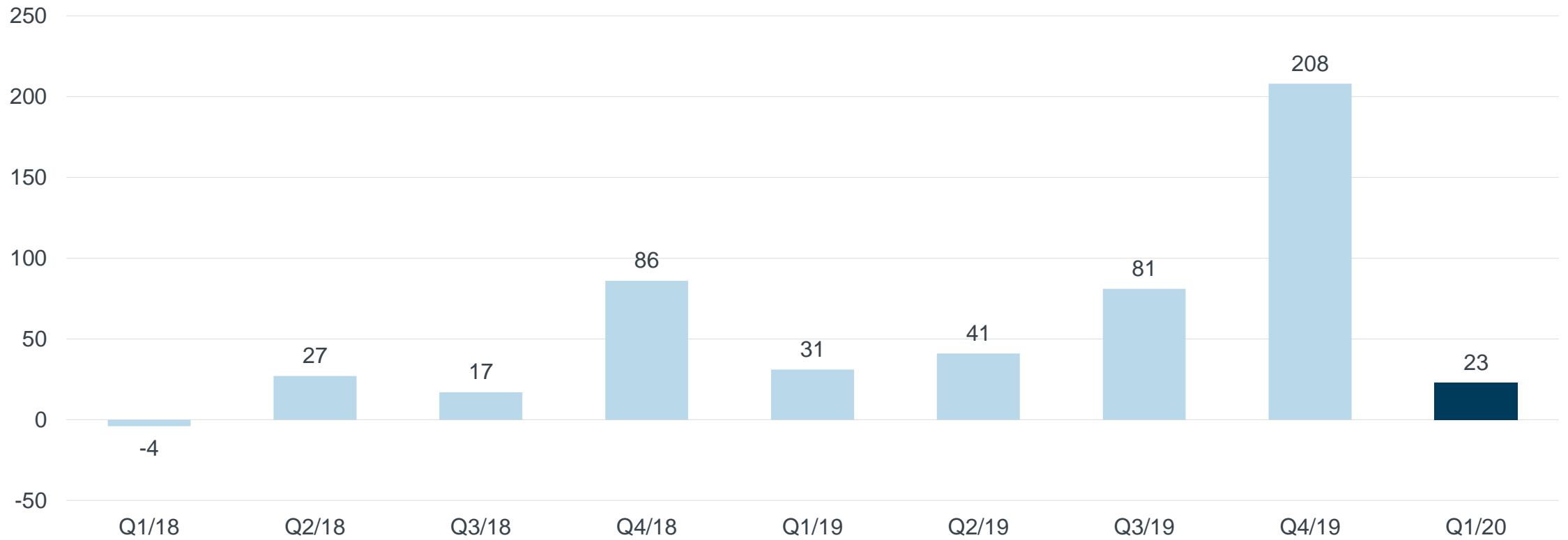
Key figures – Order book remained strong

	Q1/20	Q1/19	Change
Orders received, MEUR	781	1,022	-24%
Order book, MEUR	1,938	2,145	-10%
Sales, MEUR	858	856	+0%
Comparable operating profit, MEUR	40	57	-31%
Comparable operating profit, %	4.6%	6.7%	-210 bps
Items affecting comparability, MEUR	-13	-6	-106%
Operating profit, MEUR	26	51	-48%
Operating profit, %	3.1%	6.0%	-290 bps
Net income, MEUR	11	31	-63%
Earnings per share, EUR	0.18	0.48	-63%
Earnings per share, EUR*	0.31	0.55	-43%
ROCE, %**	6.5%	8.3%	-180 bps

Cash flow declined

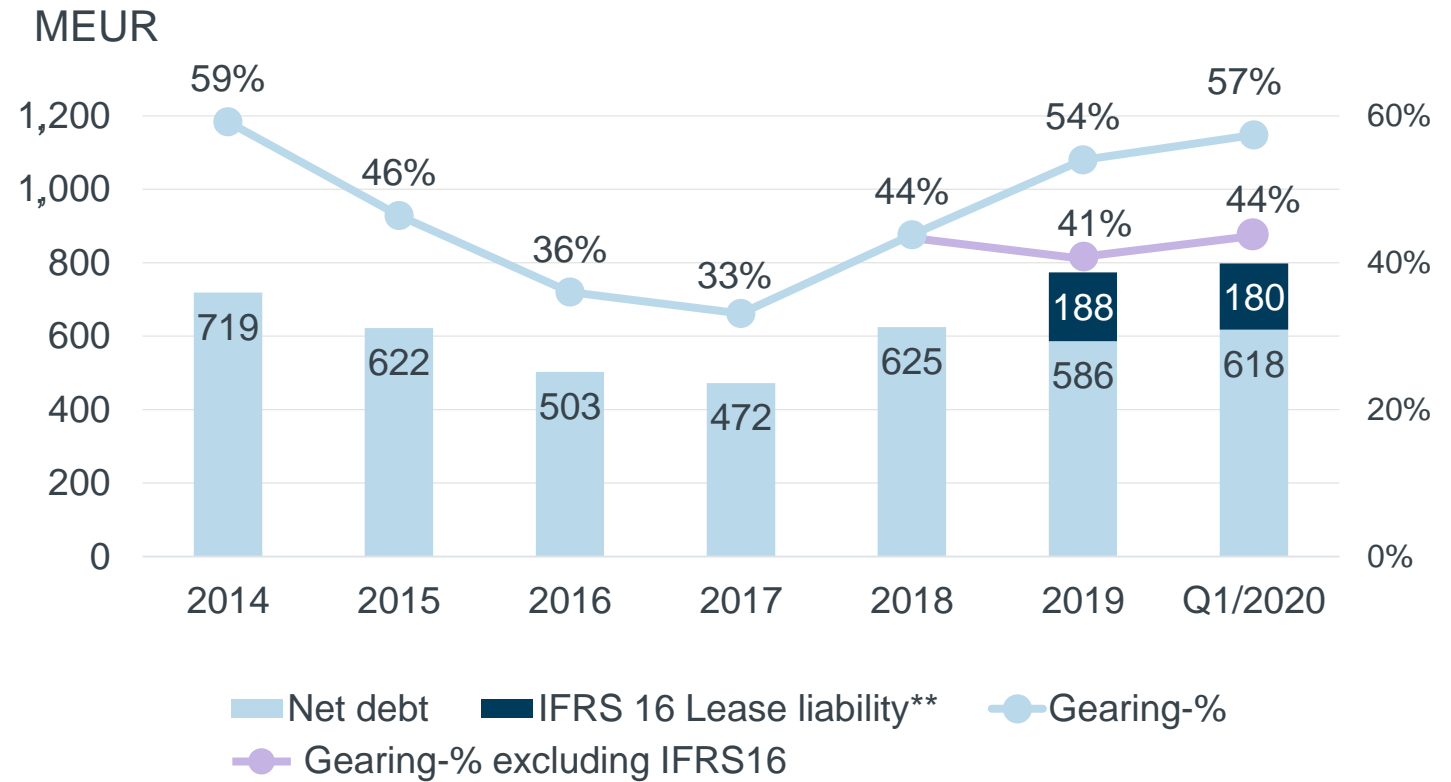
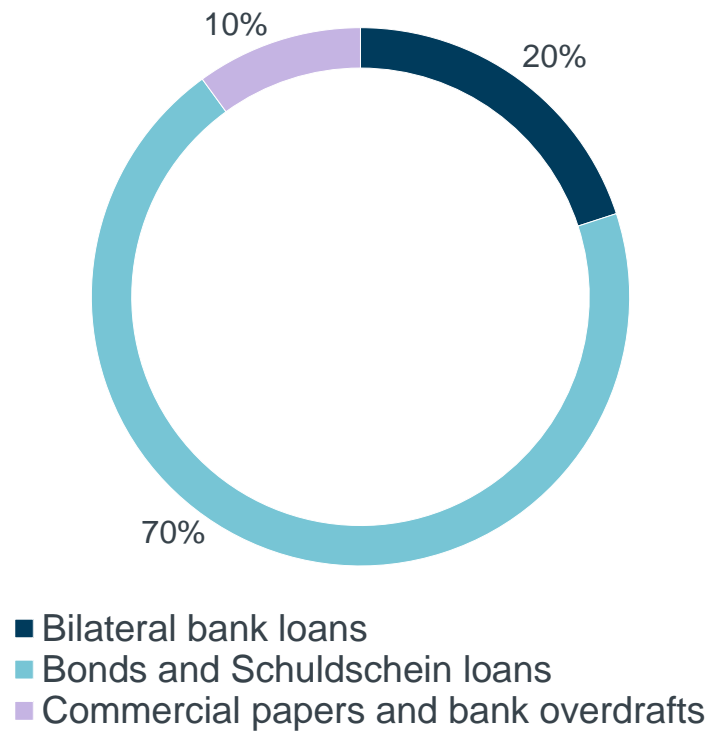
Cash flow from operations before financing items and taxes

MEUR



Balanced debt portfolio

Loan structure, %
(31.3.2020)



*Cargotec adopted the IFRS 16 standard on 1 Jan 2019.

Strong financial position and balanced maturity profile

Balanced maturity profile

- EUR 144 million maturing in 2020 Q2-Q4

Solid liquidity position (31.3.2020)

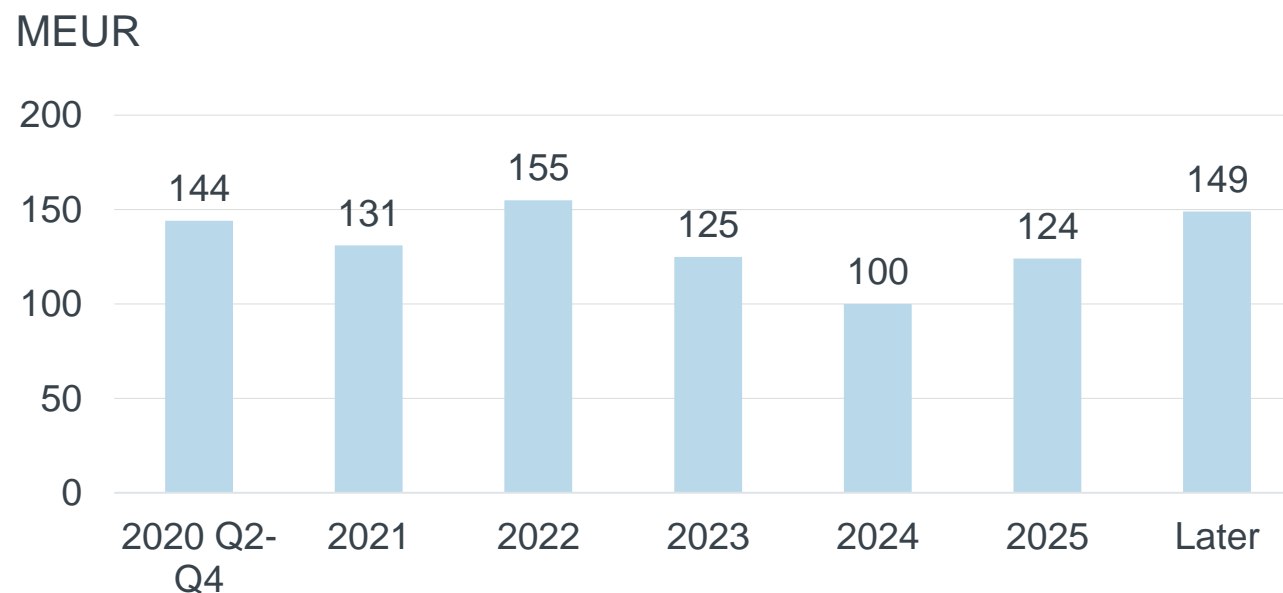
- + 281 MEUR cash and cash equivalents
- + 300 MEUR committed long-term undrawn revolving credit facilities
- - 183 MEUR repayments of interest-bearing liabilities during next 12 months
- Total liquidity 399 MEUR

200 MEUR additional bank loans raised in April 2020

Bank loans and the revolving credit facility include a financial covenant

- Gearing must be retained below 125% (44% on 31 March 2020 for loans and credit facilities signed pre-IFRS 16 and 57% for loans signed post-IFRS 16)

Repayment schedule of interest-bearing liabilities excluding finance lease



Outlook for 2020

On 27 March 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 2020. Cargotec publishes a new guidance later.

In the second quarter, there are significant challenges in relation to deliveries and demand.

- Cargotec estimates a significant decline in orders, sales, comparable operating profit and cash flow in the second quarter compared to Q2/2019
- During the first weeks of April 2020, Cargotec's orders received have significantly decreased from the comparison period
- Due to the challenging operating environment, visibility towards the end of the year is currently weak.



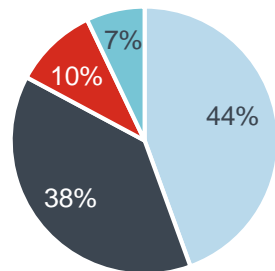
Service sales growth on track towards our targets

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

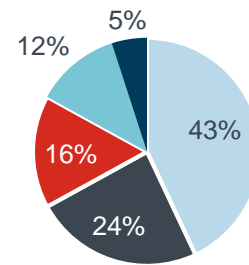
MEUR	2019
Service orders received	473
Service sales	464



■ Spare parts ■ Maintenance
■ Fleet management ■ Upgrade projects

Hiab

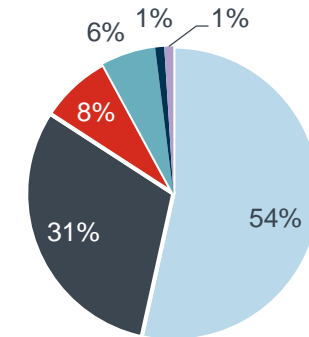
MEUR	2019
Service orders received	336
Service sales	343



■ 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

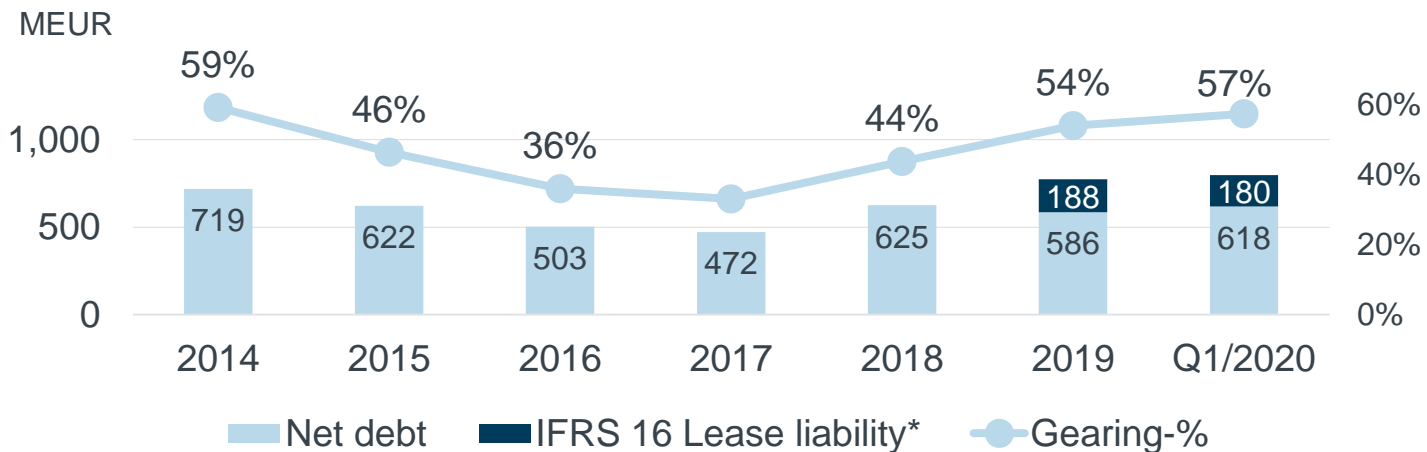
* Target announced in September 2017

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



*Cargotec adopted the IFRS 16 standard on 1 Jan 2019.

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

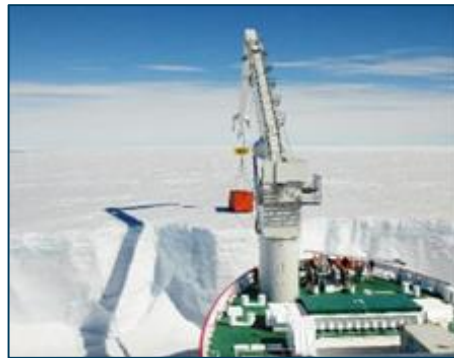
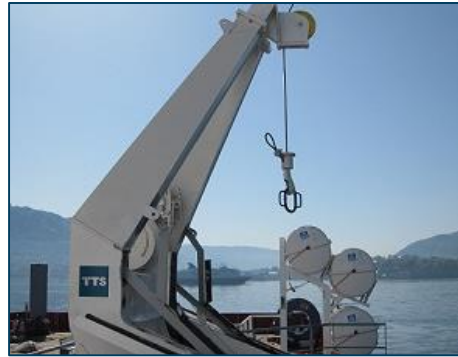
RoRo, Cruise & Navy

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

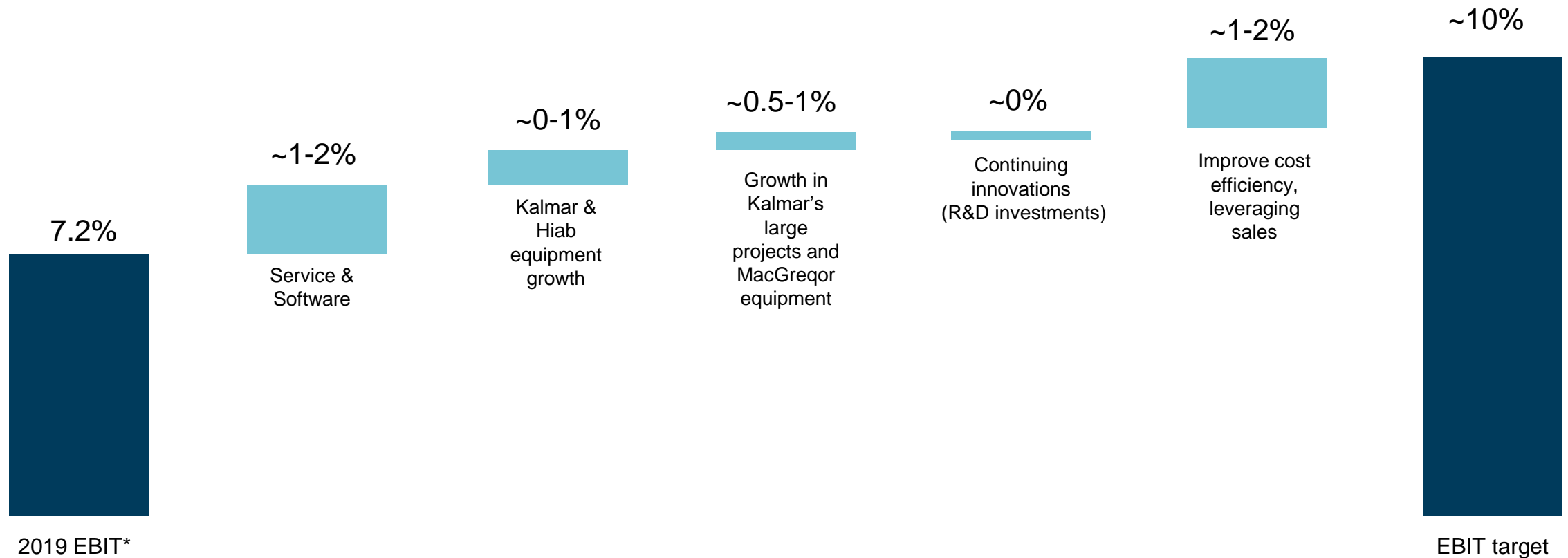
- Central procurement organization to drive indirect procurement cost and efficiency
- Support function services centre in Sofia, Bulgaria officially opened 30 January 2018
- Automation in Finance, HR, information management and procurement

RESULTS

- EUR 44 million savings realised since beginning of the programme in 2017
- The remaining part of the savings is expected to be achieved in Q2-Q4/2020



Our target is to reach 10% EBIT



Target announced in September 2017, target to be reached in 3-5 years

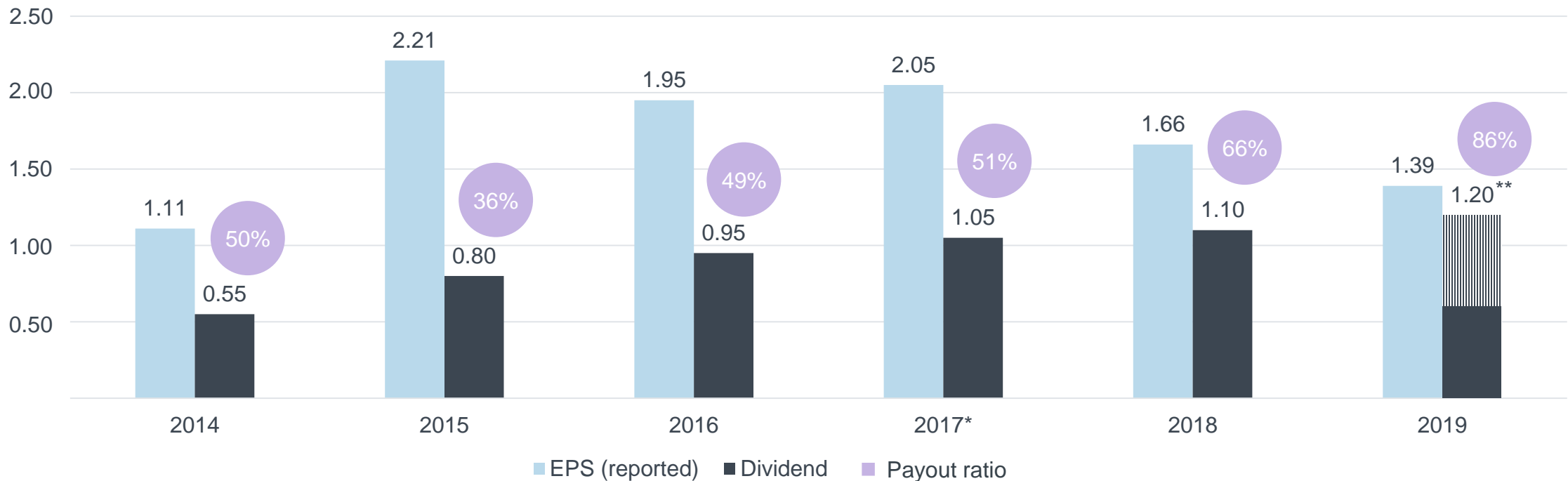
*Comparable operating profit

Dividend of up to 1.20 EUR

Cargotec's AGM held on 27 May 2020 approved that :

- The dividend will be paid in two instalments.
- The first instalment is EUR 0.60 per B class share and was paid directly based on the decision of the AGM
- The Board of Directors are authorised to decide on the distribution of the possible second instalment, which would be maximum EUR 0.60 per B class share

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

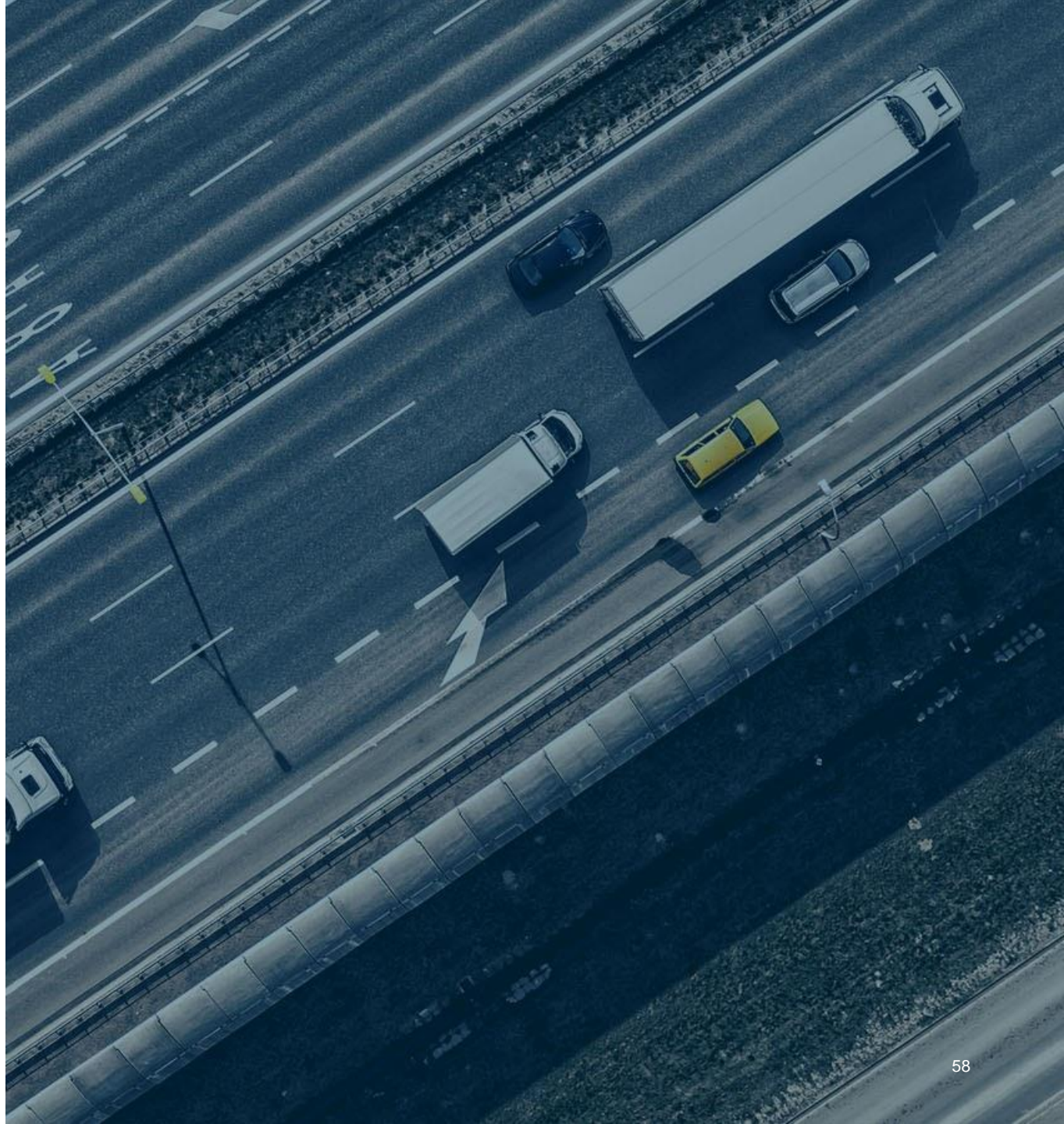


* 2017 EPS figure has been restated according to IFRS 15

** Maximum

Appendix

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

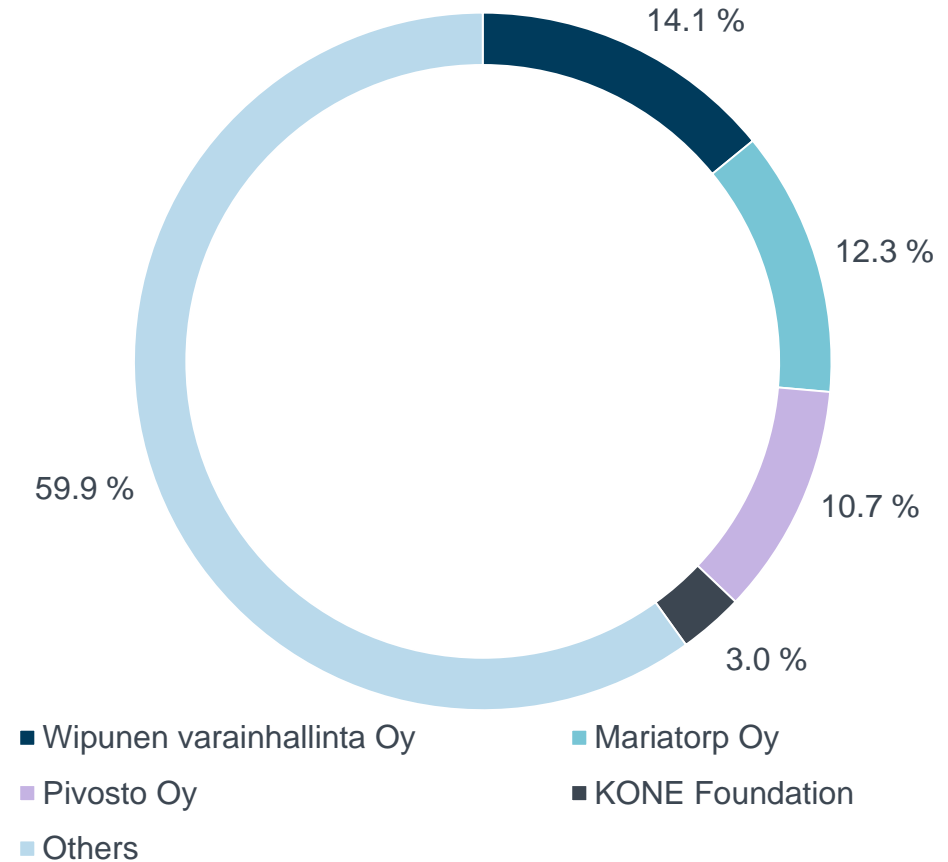


Largest shareholders

31 May 2020

		% of shares	% of votes
1.	Wipunen varainhallinta Oy	14.1	23.7
2.	Mariatorp Oy	12.3	22.9
3.	Pivosto Oy	10.7	22.2
4.	KONE Foundation	3.0	5.5
5.	Ilmarinen Mutual Pension Insurance Company	2.2	0.9
6.	Varma Mutual Pension Insurance Company	1.5	0.6
7.	The State Pension Fund	1.2	0.5
8.	Elo Mutual Pension Insurance Company	1.2	0.5
9.	Mandatum Life Insurance Company Ltd.	0.9	0.4
10.	Herlin Heikki Juho Kustaa	0.6	0.3
Nominee registered and non-Finnish holders		23.73	
Total number of shareholders		35,778	

% of shares



Wipunen varainhallinta Oy is a company controlled by Ilkka Herlin, Mariatorp Oy a company controlled by Heikki Herlin and Pivosto Oy a company controlled by Ilona Herlin.

Examples of our wide equipment offering



Reachstacker



Straddle carrier



Loader crane



Truck-mounted forklift



Terminal tractor



Container handler



Hooklift, Skiploader



Taillift



Forklift truck



Automatic stacking crane



Recycling and forestry cranes



Cranes



Marine self-unloaders



Hatch covers,
container lashings



Offshore load handling



Deck machinery

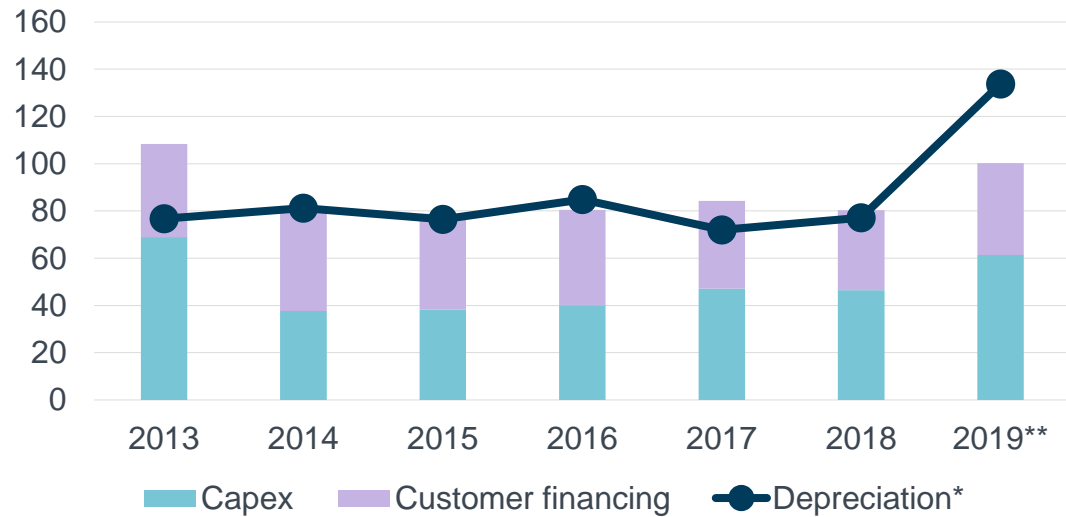


Mooring systems

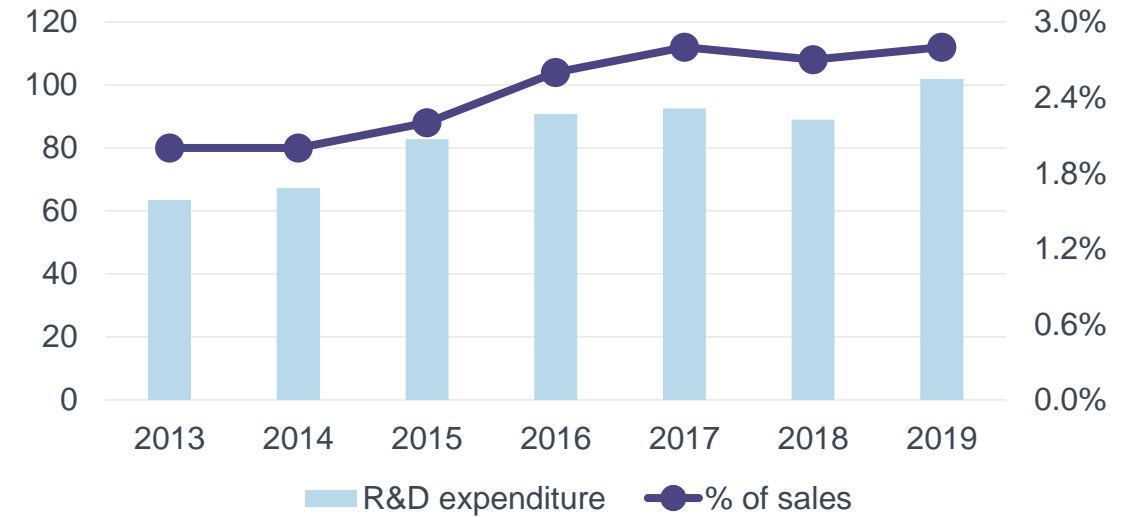


Capex and R&D

Capital expenditure



Research and development



Main capex investments:

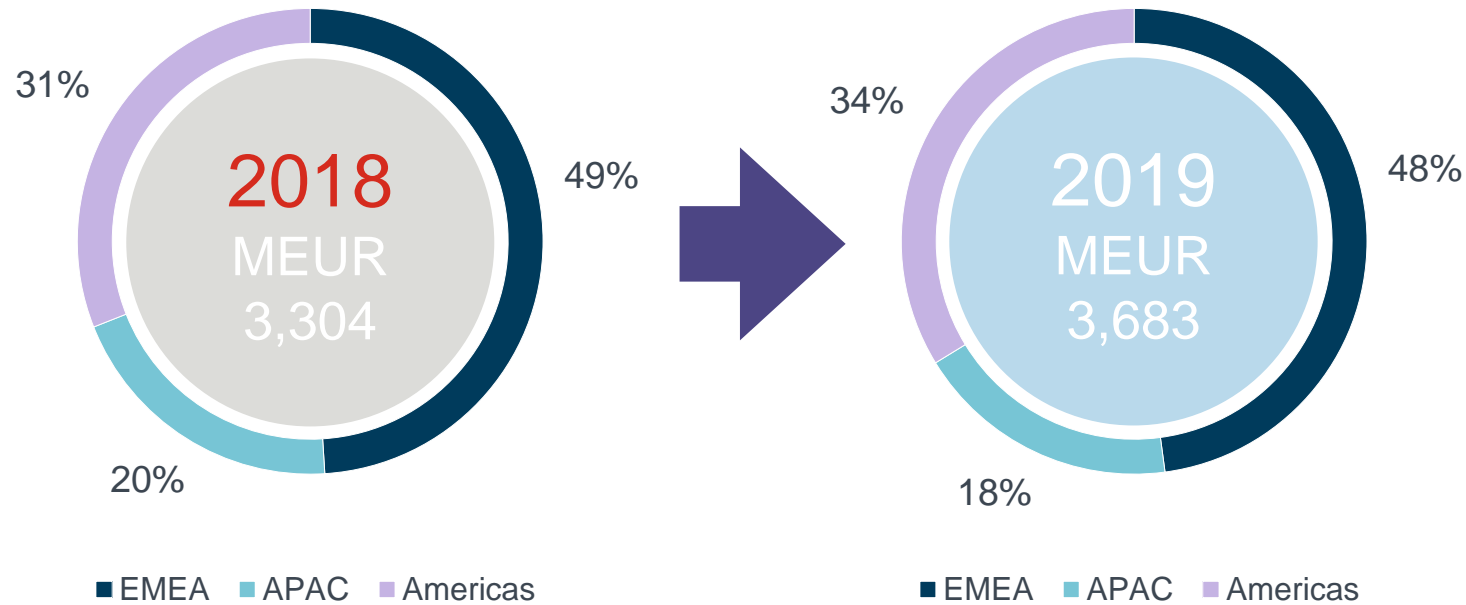
- Kalmar innovation centre in Ljungby, Sweden
- Investments in multi-assembly units in Kalmar and Hiab
- Intangible assets, such as global systems to improve efficiency in operational activities and support functions

R&D investments focused on

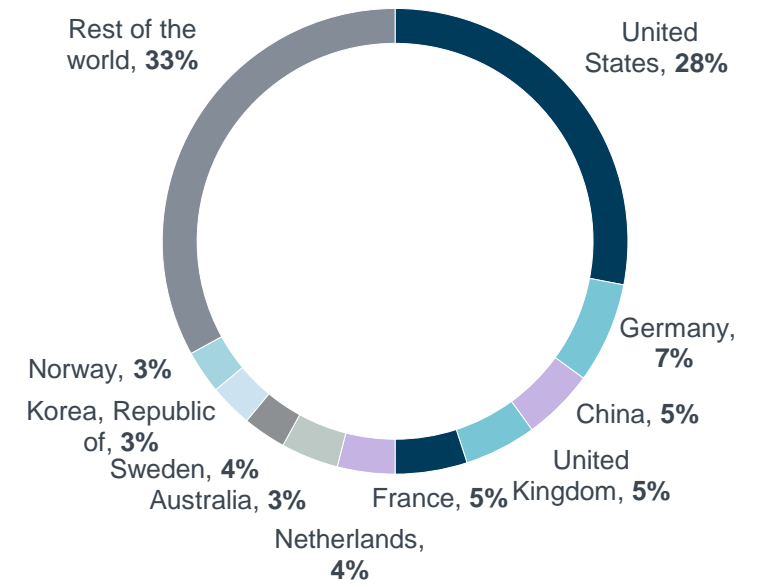
- Digitalisation
- Competitiveness, cost efficiency and eco-efficiency of products

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

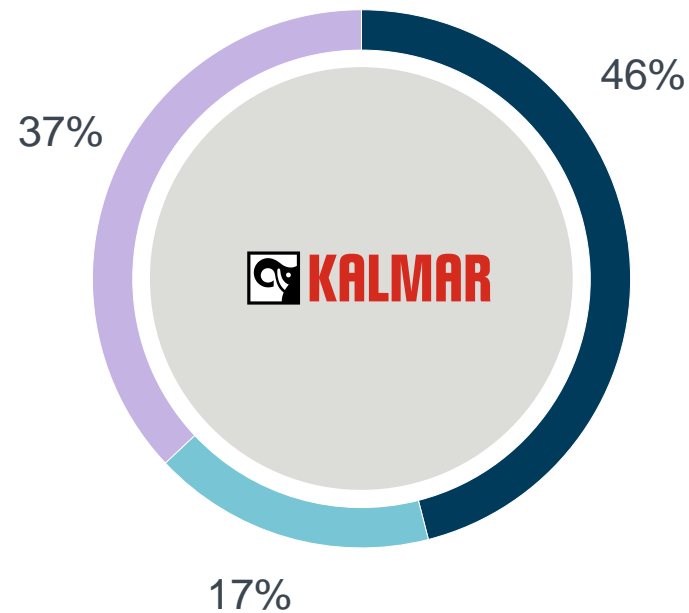
Well diversified geographical sales mix



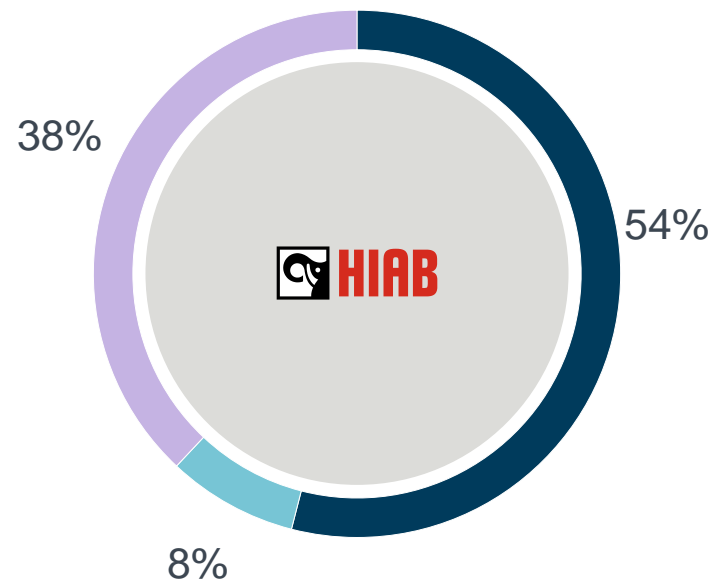
Top-10 countries by customer location



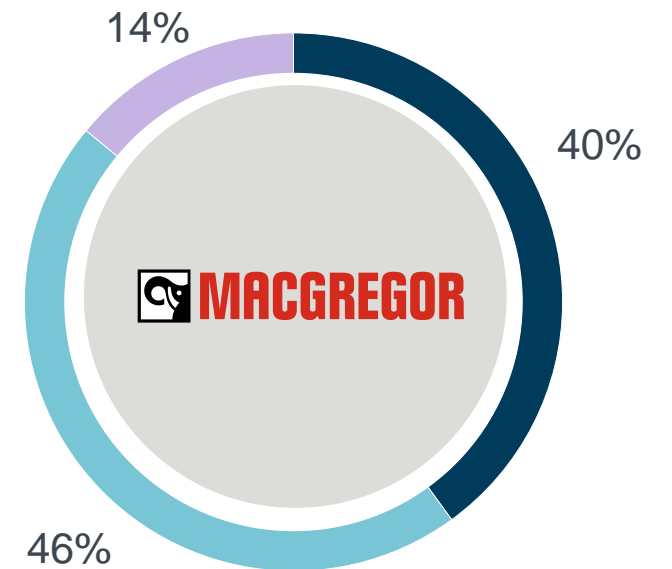
Sales by geographical segment by business area 2019



■ 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

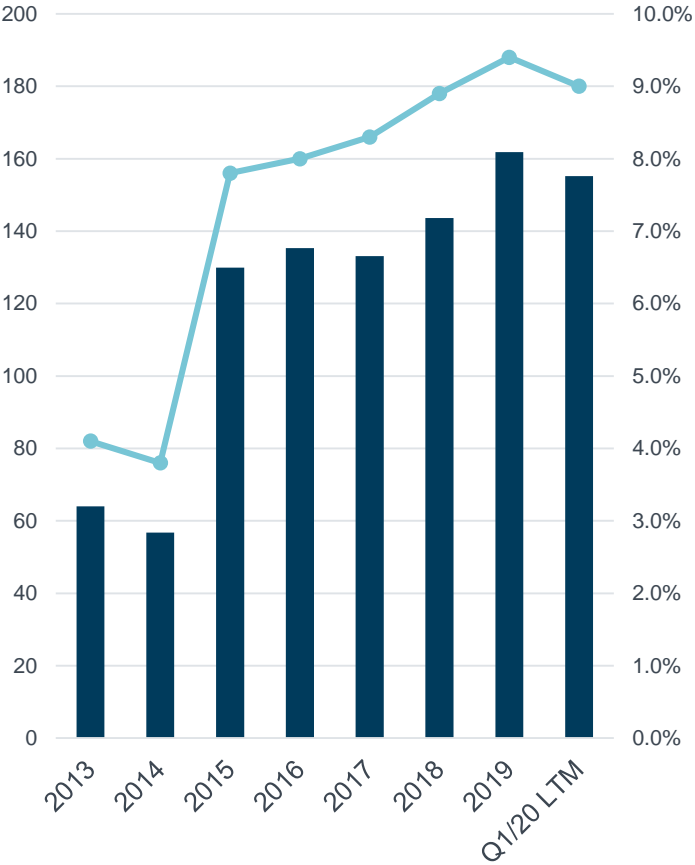
- Chungbuk, South Korea (Hiab prod.)
- Bangalore, India (Kalmar prod. + R&D)
- Chennai, India (Navis–Kalmar R&D)
- Ipoh, Malaysia (Bromma prod.)
- Shanghai, China (Kalmar prod. + WH)
- Busan, South Korea (MacGregor prod.)
- Singapore, (R&D)

Americas

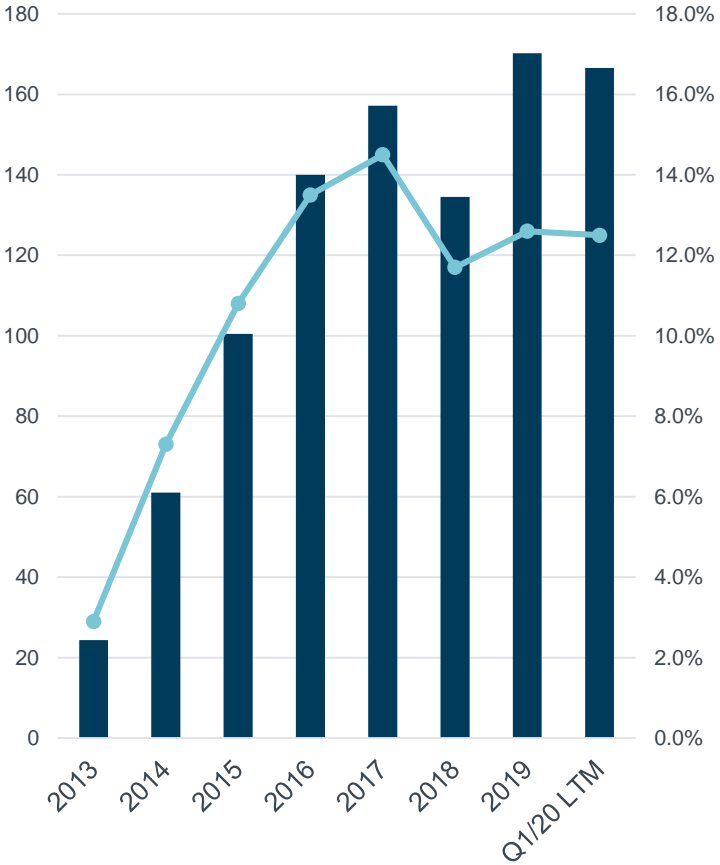
- North America
 - Ottawa, Kansas (Kalmar prod.)
 - Oakland, California (Kalmar R&D)
 - Tallmadge, Ohio (Hiab prod.)
- South America
 - Santo Antonio da Patrulha, Brazil (Hiab prod.)

Comparable operating profit development

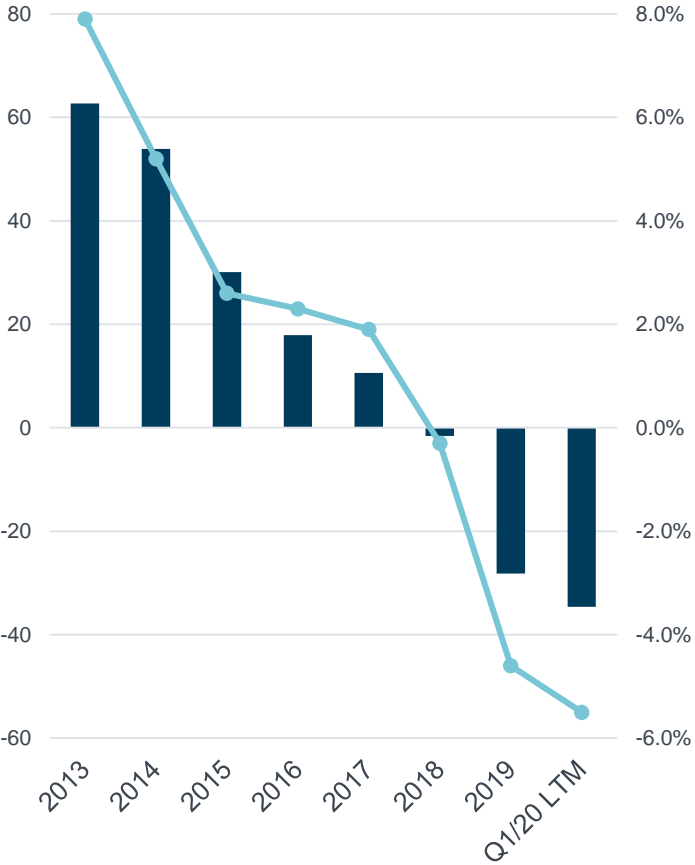
Kalmar



Hiab



MacGregor



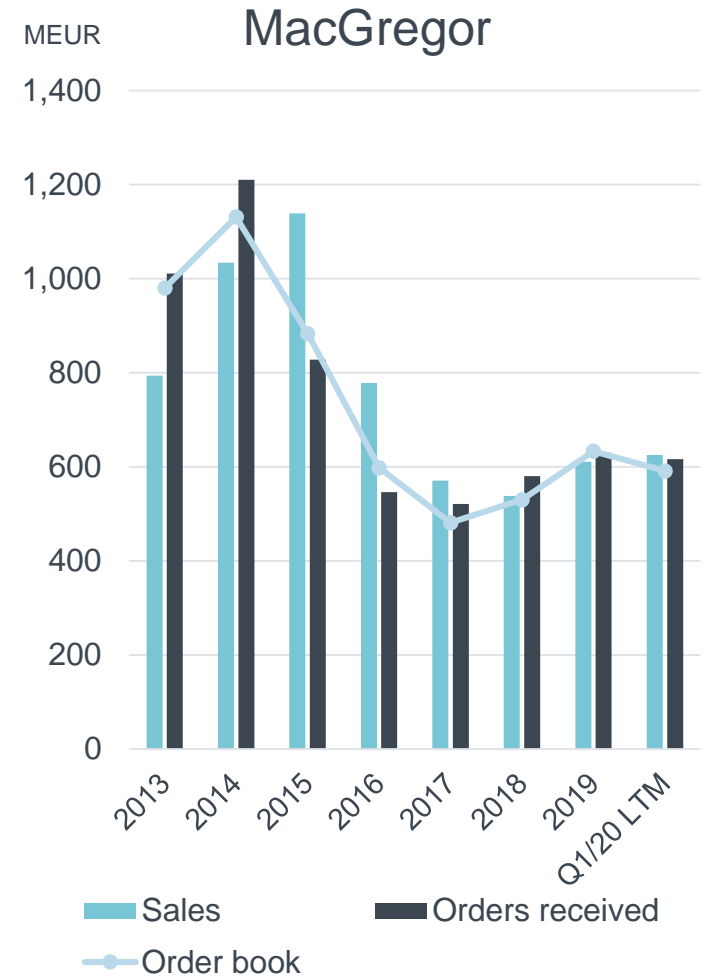
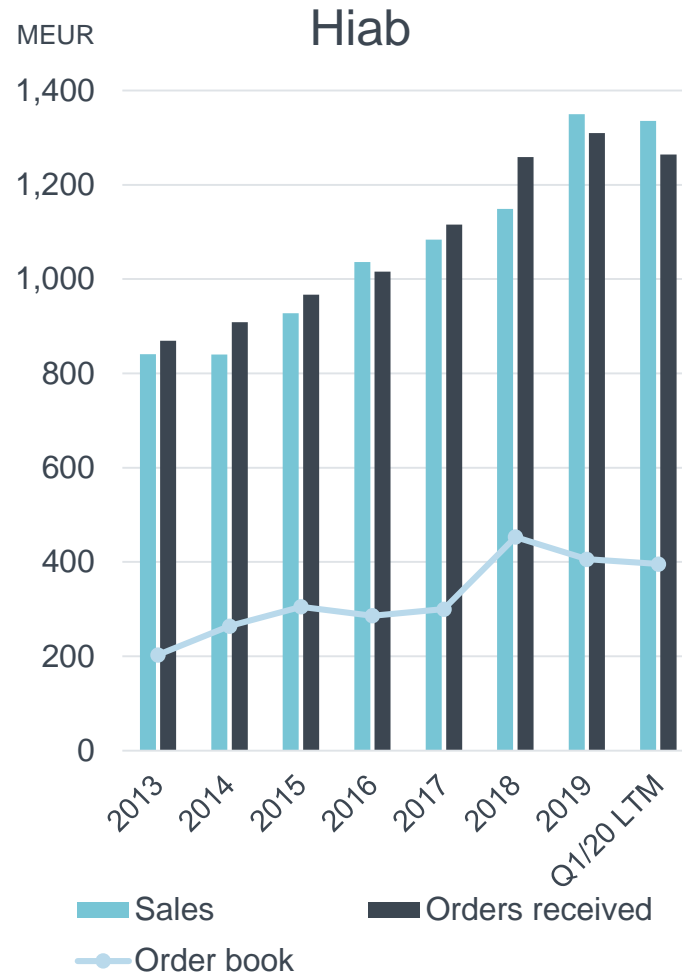
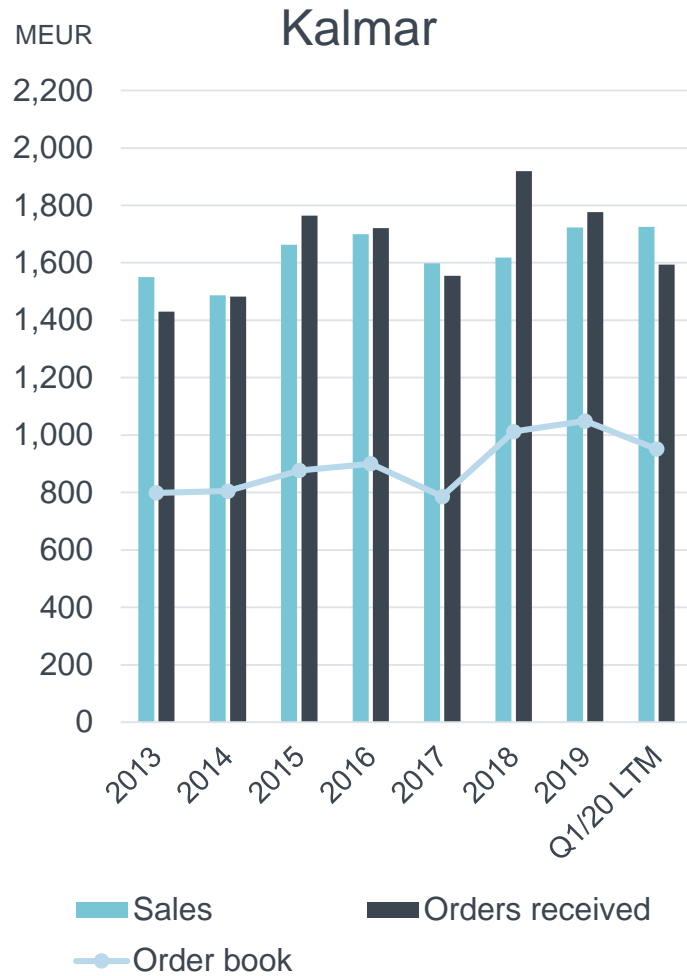
■ Comparable EBIT ● EBIT-%

■ Comparable EBIT ● EBIT-%

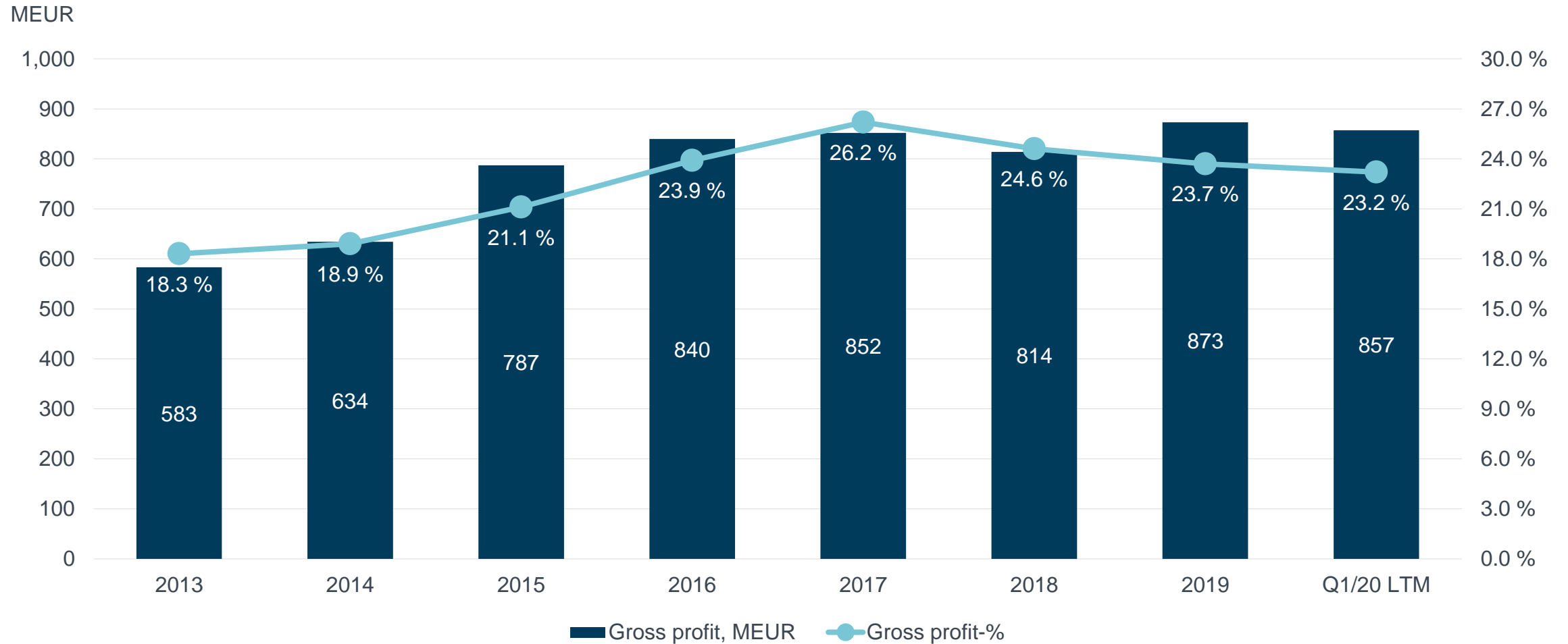
■ Comparable EBIT ● EBIT-%



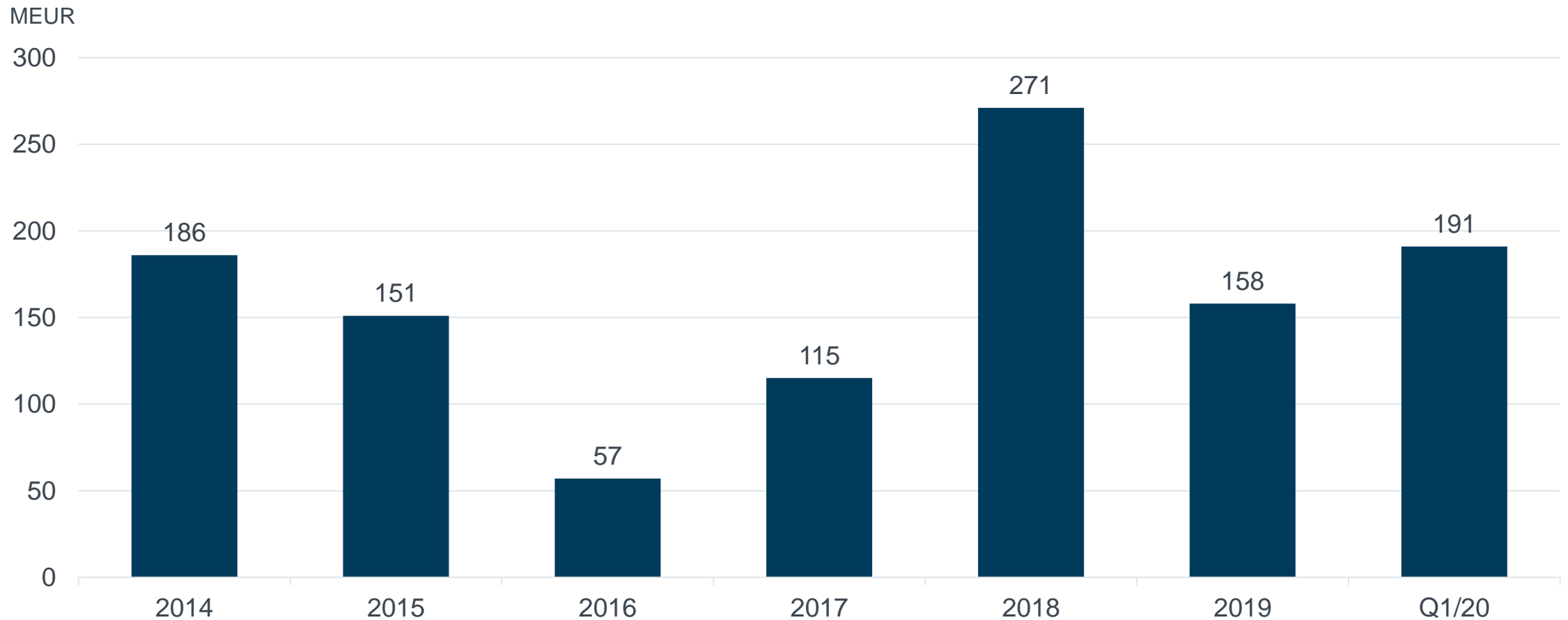
Sales and orders received development



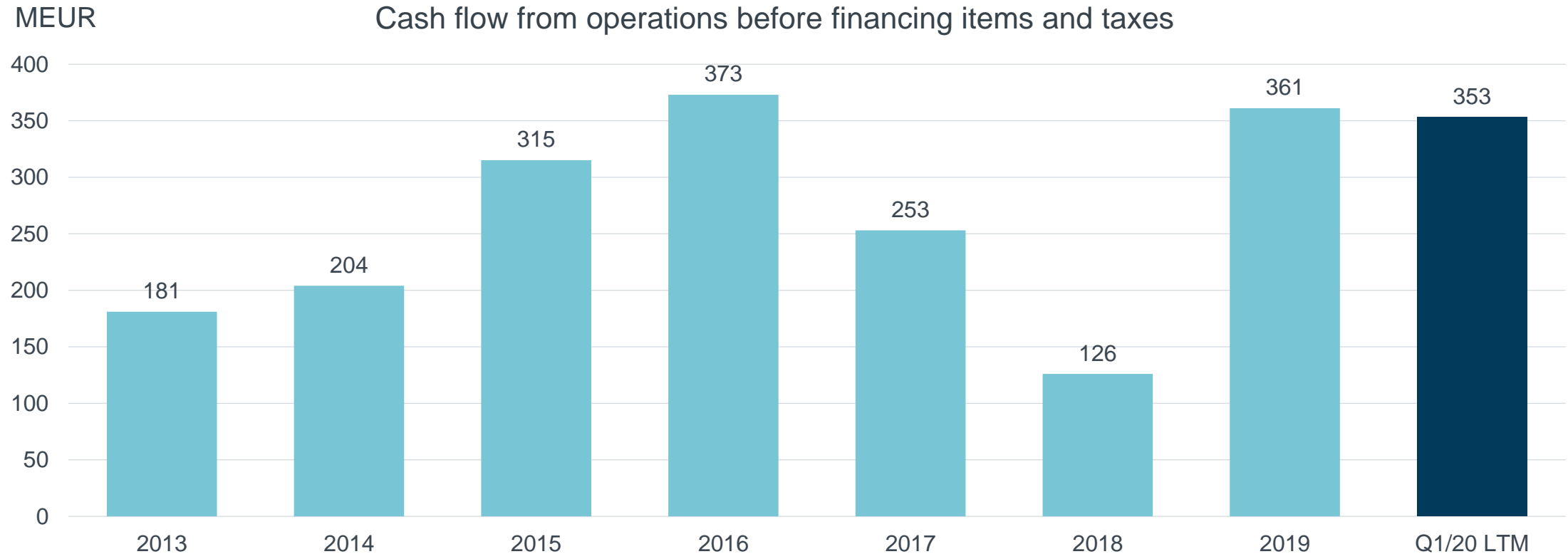
Gross profit development



Net working capital increased due to increased inventories



Cash flow from operations development



Income statement Q1 2020

MEUR	Q1/20	Q1/19	2019
Sales	858.3	855.9	3,683.4
Cost of goods sold	-668.2	-649.5	-2,810.3
Gross profit	190.1	206.3	873.1
<i>Gross profit, %</i>	<i>22.1%</i>	<i>24.1%</i>	<i>23.7%</i>
Other operating income	10.6	8.7	33.5
Selling and marketing expenses	-57.2	-60.8	-238.4
Research and development expenses	-29.6	-25.0	-105.6
Administration expenses	-67.2	-63.9	-269.3
Restructuring costs	-6.4	-5.7	-80.1
Other operating expenses	-13.2	-7.8	-33.8
Costs and expenses	-163.2	-154.5	-693.7
Share of associated companies' and joint ventures' net income	-0.4	-0.8	0.6
Operating profit	26.5	51.0	180.0
<i>Operating profit, %</i>	<i>3.1%</i>	<i>6.0%</i>	<i>4.9%</i>
Financing income and expenses	-6.8	-8.3	-34.1
Income before taxes	19.7	42.8	145.9
<i>Income before taxes, %</i>	<i>2.3%</i>	<i>5.0%</i>	<i>4.0%</i>
Income taxes	-8.4	-11.8	-56.5
Net income for the period	11.3	31.0	89.4
<i>Net income for the period, %</i>	<i>1.3%</i>	<i>3.6%</i>	<i>2.4%</i>

Net income for the period attributable to:

Equity holders of the parent	11.4	30.9	89.4
Non-controlling interest	-0.1	0.1	0.0
Total	11.3	31.0	89.4

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

Earnings per share, EUR	0.18	0.48	1.39
Diluted earnings per share, EUR	0.18	0.48	1.39

Balance sheet 31 March 2020

ASSETS, MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Non-current assets			
Goodwill	1,019.5	1,004.0	1,058.5
Other intangible assets	284.8	267.9	296.1
Property, plant and equipment	471.5	474.3	489.7
Investments in associated companies and joint ventures	115.1	102.7	120.8
Share investments	0.3	0.3	0.3
Loans receivable and other interest-bearing assets*	27.1	35.7	29.1
Deferred tax assets	130.3	140.7	131.2
Derivative assets	0.0	-	-
Other non-interest-bearing assets	9.7	9.5	10.3
Total non-current assets	2,058.3	2,035.1	2,136.0
Current assets			
Inventories	760.7	737.9	713.0
Loans receivable and other interest-bearing assets*	1.6	1.3	1.3
Income tax receivables	23.4	43.7	24.1
Derivative assets	28.7	4.2	8.5
Accounts receivable and other non-interest-bearing assets	860.7	854.1	924.3
Cash and cash equivalents*	281.3	151.3	420.2
Total current assets	1,956.4	1,792.5	2,091.4

EQUITY AND LIABILITIES, MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Equity attributable to the equity holders of the parent			
Share capital	64.3	64.3	64.3
Share premium account	98.0	98.0	98.0
Translation differences	-77.4	-19.2	-33.2
Fair value reserves	-15.6	-12.0	-9.1
Reserve for invested non-restricted equity	57.4	57.4	57.4
Retained earnings	1,261.3	1,199.3	1,247.1
Total equity attributable to the equity holders of the parent	1,388.0	1,387.8	1,424.5
Non-controlling interest	2.7	3.2	
Total equity	1,390.7	1,391.0	
Non-current liabilities			
Interest-bearing liabilities*	924.9	703.6	953.3
Deferred tax liabilities	38.7	26.5	39.1
Pension obligations	106.5	93.0	110.4
Provisions	7.0	8.5	7.0
Derivative liabilities	0.8	-	-
Other non-interest-bearing liabilities	63.8	62.0	
Total non-current liabilities	1,141.8	893.6	
Current liabilities			
Current portion of interest-bearing liabilities*	70.5	280.9	233.0
Other interest-bearing liabilities*	112.3	80.6	38.1
Provisions	103.0	88.3	114.3
Advances received	280.5	204.7	306.3
Income tax payables	22.2	19.6	21.1
Derivative liabilities	23.6	7.5	11.8
Accounts payable and other non-interest-bearing liabilities	870.0	861.3	899.8
Total current liabilities	1,482.2	1,542.9	1,624.3
Total equity and liabilities	4,014.7	3,827.5	4,227.4

*Included in interest-bearing net debt.

Investor presentation

June 2020

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Cash flow statement Q1 2020

MEUR	Q1/20	Q1/19	2019
Net cash flow from operating activities			
Net income for the period	11.3	31.0	89.4
Depreciation, amortisation and impairment	31.7	28.0	133.8
Other adjustments	20.8	20.5	87.4
Change in net working capital	-41.0	-48.6	50.4
Cash flow from operations before financing items and taxes	22.8	31.0	361.1
Cash flow from financing items and taxes	-21.4	-28.9	-57.6
Net cash flow from operating activities	1.4	2.0	303.5
Net cash flow from investing activities			
Acquisitions of businesses, net of cash acquired	-7.7	-3.4	-109.5
Disposals of businesses, net of cash sold	-	-	0.3
Cash flow from investing activities, other items	-10.3	-17.1	-41.4
Net cash flow from investing activities	-18.0	-20.5	-150.6
Net cash flow from financing activities			
Treasury shares acquired	-	-2.2	-2.2
Repayments of lease liabilities	-10.4	-9.4	-45.5
Proceeds from long-term borrowings	-	-	298.1
Repayments of long-term borrowings	-183.0	-75.4	-168.3
Proceeds from short-term borrowings	75.5	40.0	271.6
Repayments of short-term borrowings	-10.4	-	-257.8
Profit distribution	-	-35.4	-71.0
Net cash flow from financing activities	-128.4	-82.3	24.9

Change in cash and cash equivalents	-145.0	-100.8	177.8
Bank overdrafts at the end of period	20.7	26.6	10.4
Cash and cash equivalents at the end of period	281.3	151.3	420.2
Cash and cash equivalents, and bank overdrafts at the beginning of period	409.8	225.5	225.5
Effect of exchange rate changes	-4.3	0.0	6.6
Cash and cash equivalents, and bank overdrafts at the end of period	260.6	124.7	409.8

Sustainability

Sustainability is a great business opportunity

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

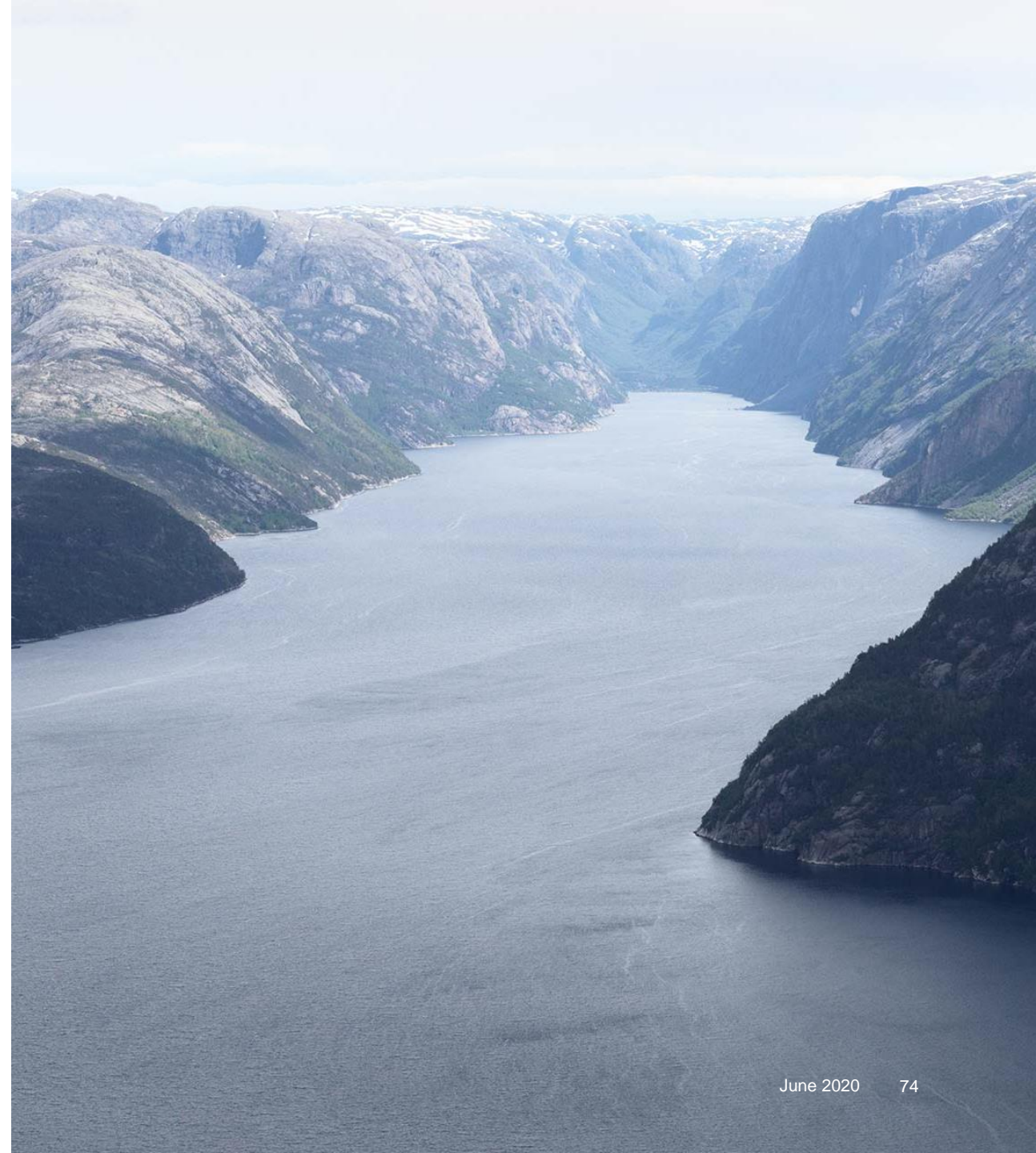
- Inefficient industry with potential to improve

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



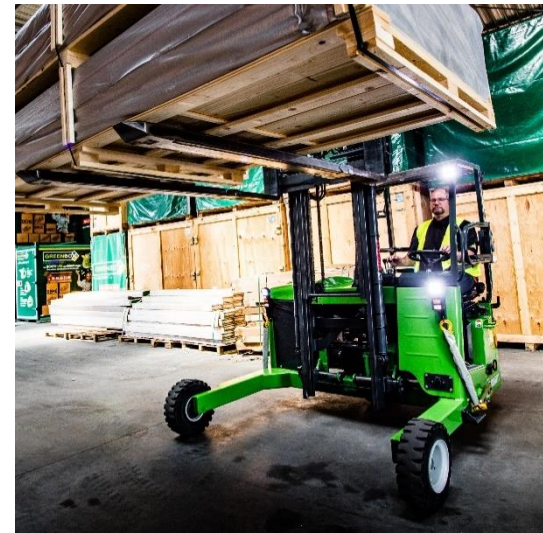
- Visibility to identify inefficient use of resources and fuel
- Software and design system

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



19 mil tonnes CO₂e in shipping industry annually

For moving empty containers



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

~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

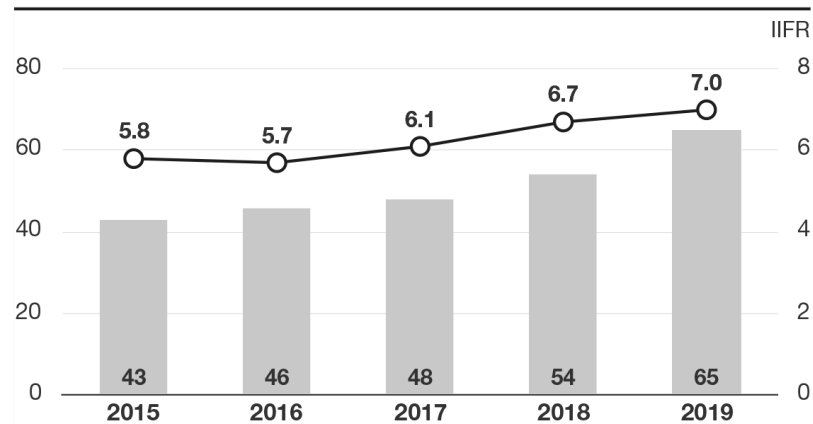
Code of Conduct panel and case investigation process in place

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**

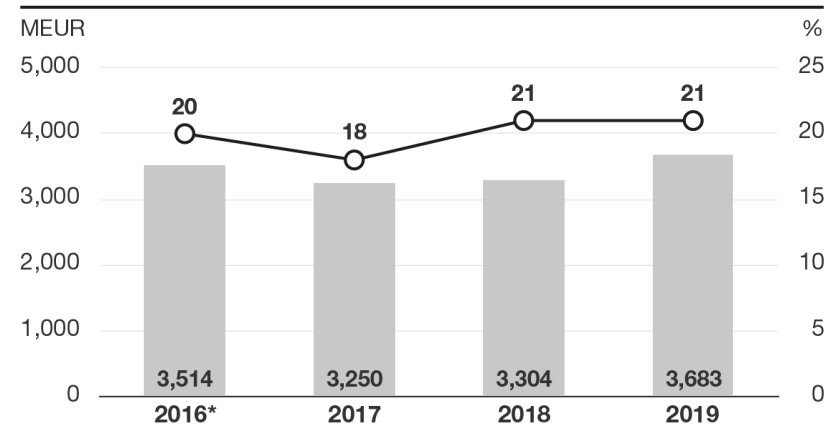
* Cargotec assembly sites ** Number of injuries per million hours worked

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.

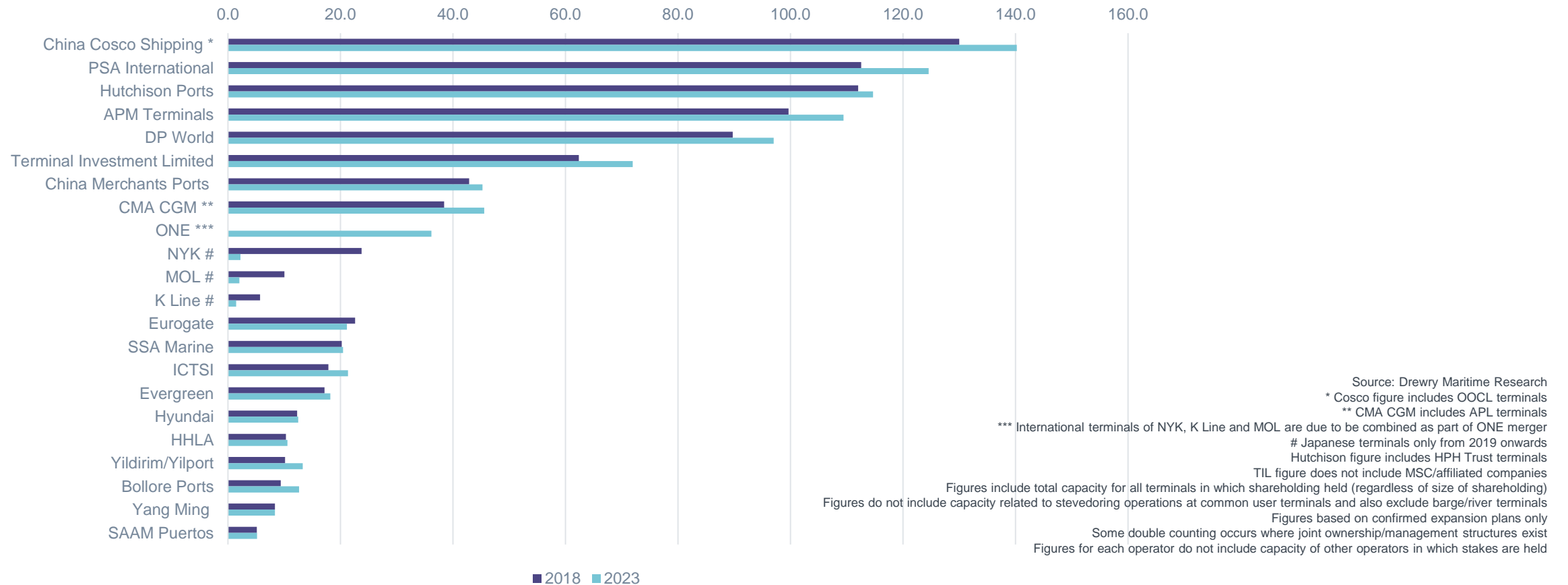
Average lifetime of type of equipment:

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

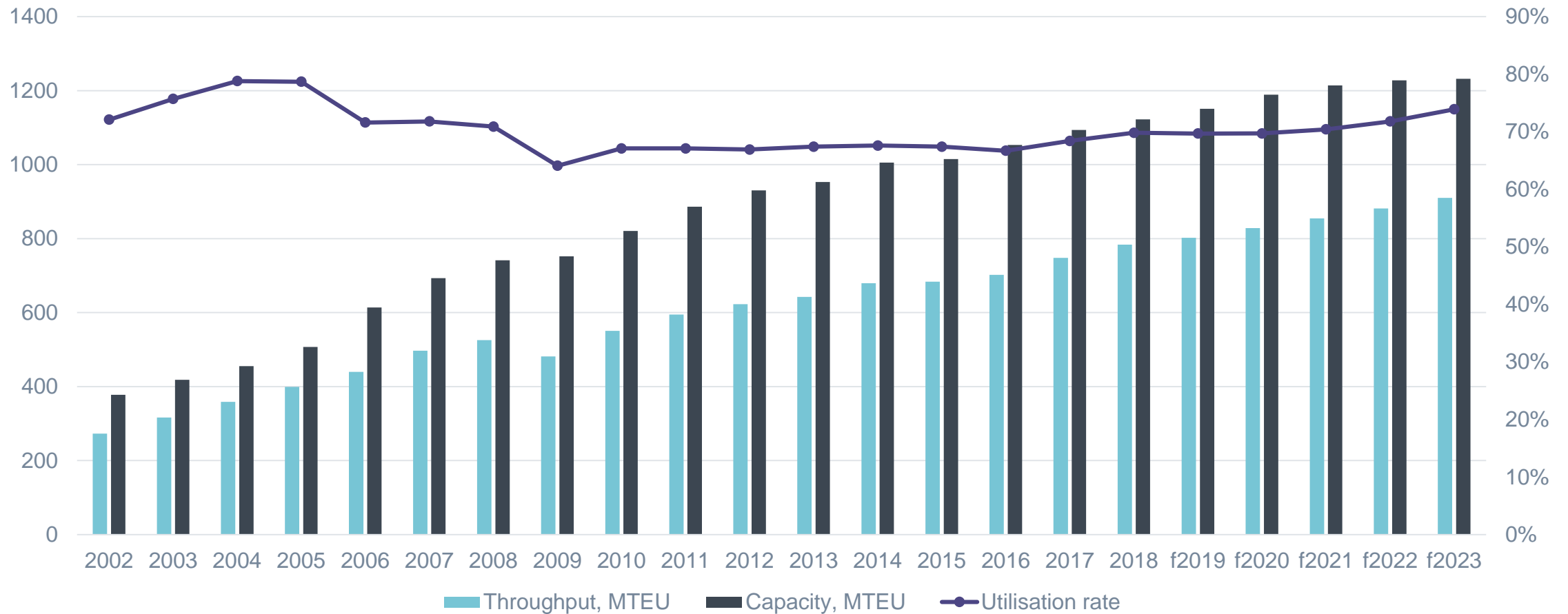
Source: Drewry reports: Global Container Terminal Operators 2001-2016 Note: 1995-2000 capacity is estimation based on the assumption that the utilisation rate has been between 70-72% in that period. 2019-2023 forecast based on Drewry's Global container terminal operators report, published in Q4/2019

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

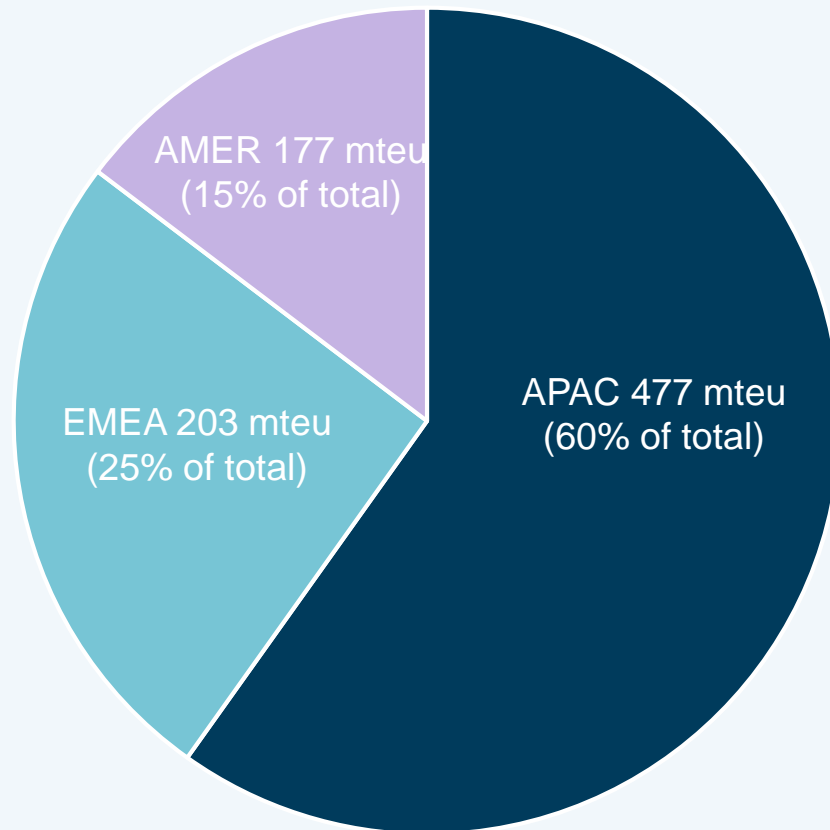
Global/international terminal operators' capacity development, 2018-2023 (MTEU)



Global container throughput and capacity development



60% of global container throughput is expected to take place in APAC in 2020



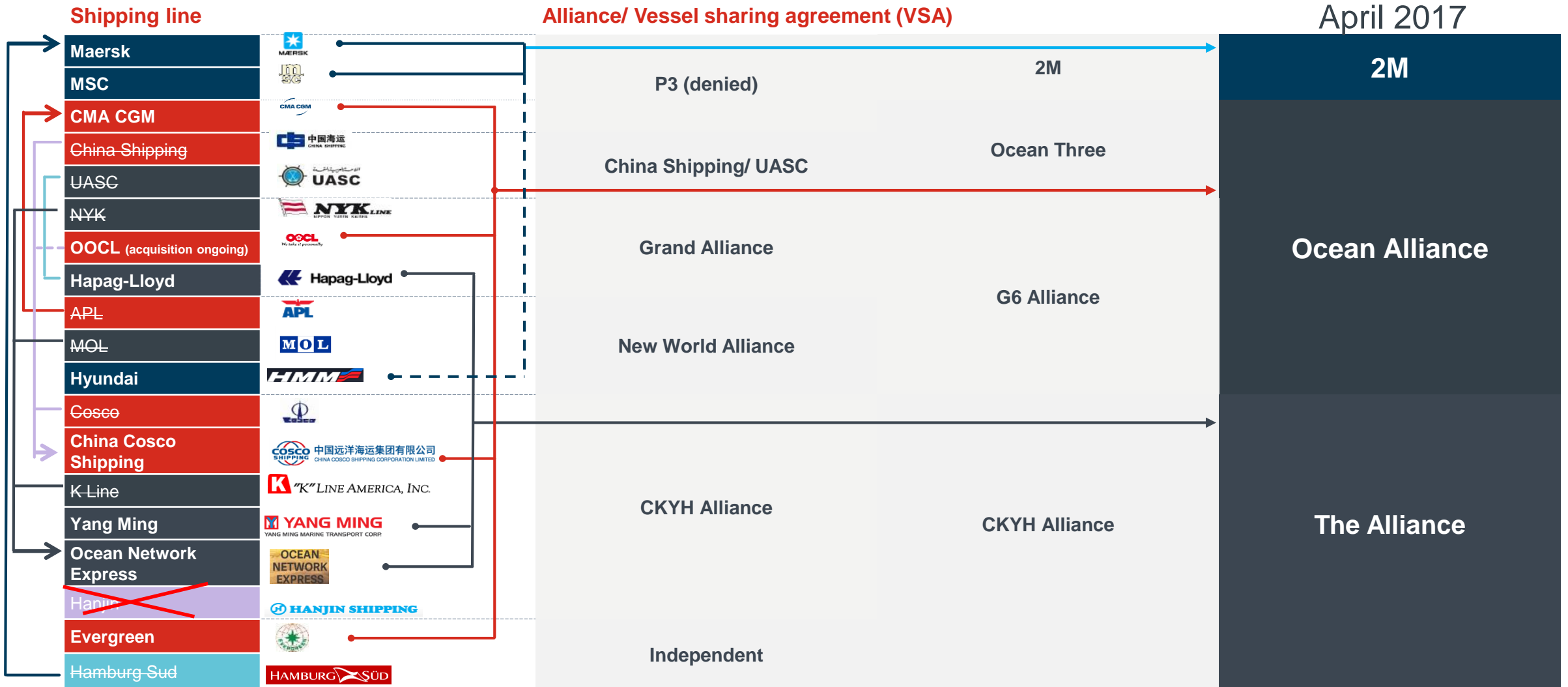
Source: Drewry container forecaster Q4 2019

Global container throughput expected to decrease 0.5% in 2020

- APAC -0.2% (-1 mteu)
- EMEA -1.3% (-3 mteu)
- AMER -0.3% (-0 mteu)

→ Drewry states that its scenario is not a "worst-case" COVID-19 scenario and that a more significant decrease is possible

Three alliances controlling about 80% of global container fleet capacity

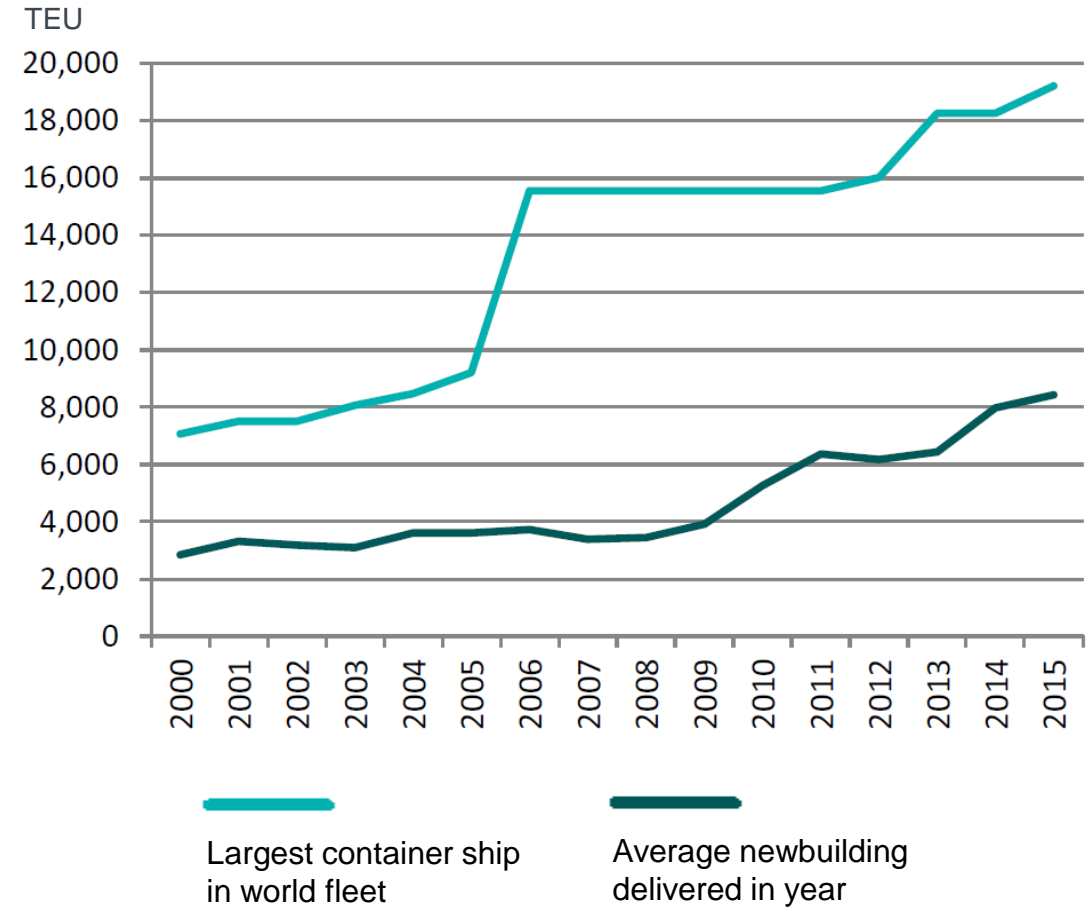


Total: 17
(9 after further consolidations)

- 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

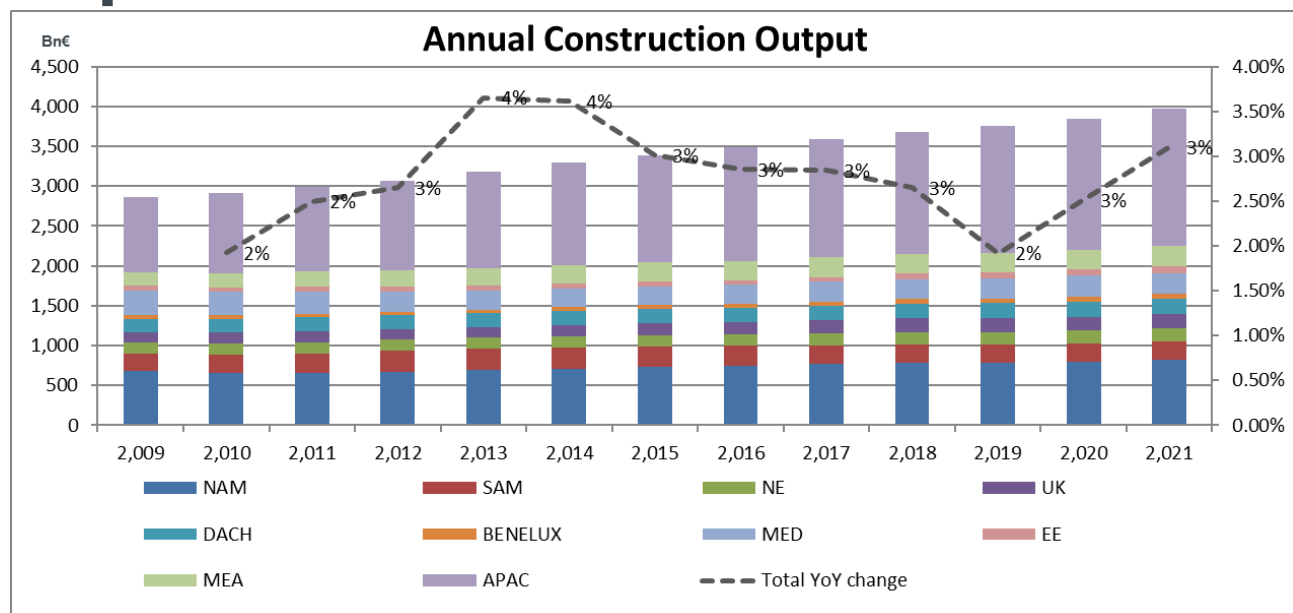
- The largest containership in the fleet has nearly tripled since 2000
- The average size of new builds doubles between 2009 and 2014



Source: Drewry November 2015

Hiab appendix

Construction output forecast

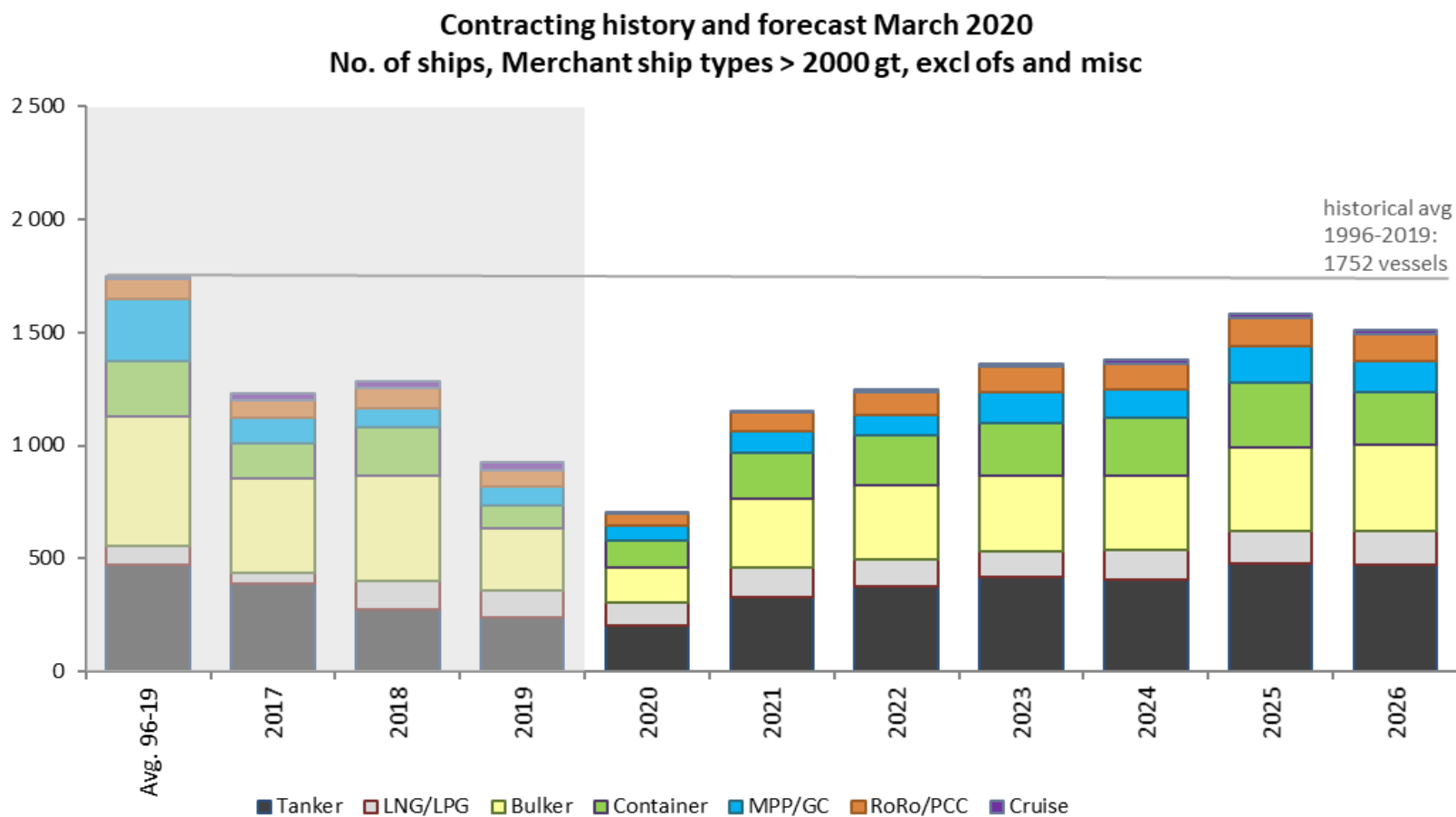


	Percentage point change vs last forecast					YoY changes				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
NAM	1.2%	-0.5%	-0.8%	-0.3%	-0.2%	2.6%	2.0%	-0.1%	2.2%	2.1%
SAM	0.3%	0.4%	-1.2%	-1.8%	-1.0%	-3.3%	-1.4%	-2.1%	0.9%	2.4%
NE	-0.2%	-0.3%	-1.6%	-0.1%	-0.1%	2.5%	5.1%	1.4%	1.9%	1.8%
UK	-0.7%	-0.7%	-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

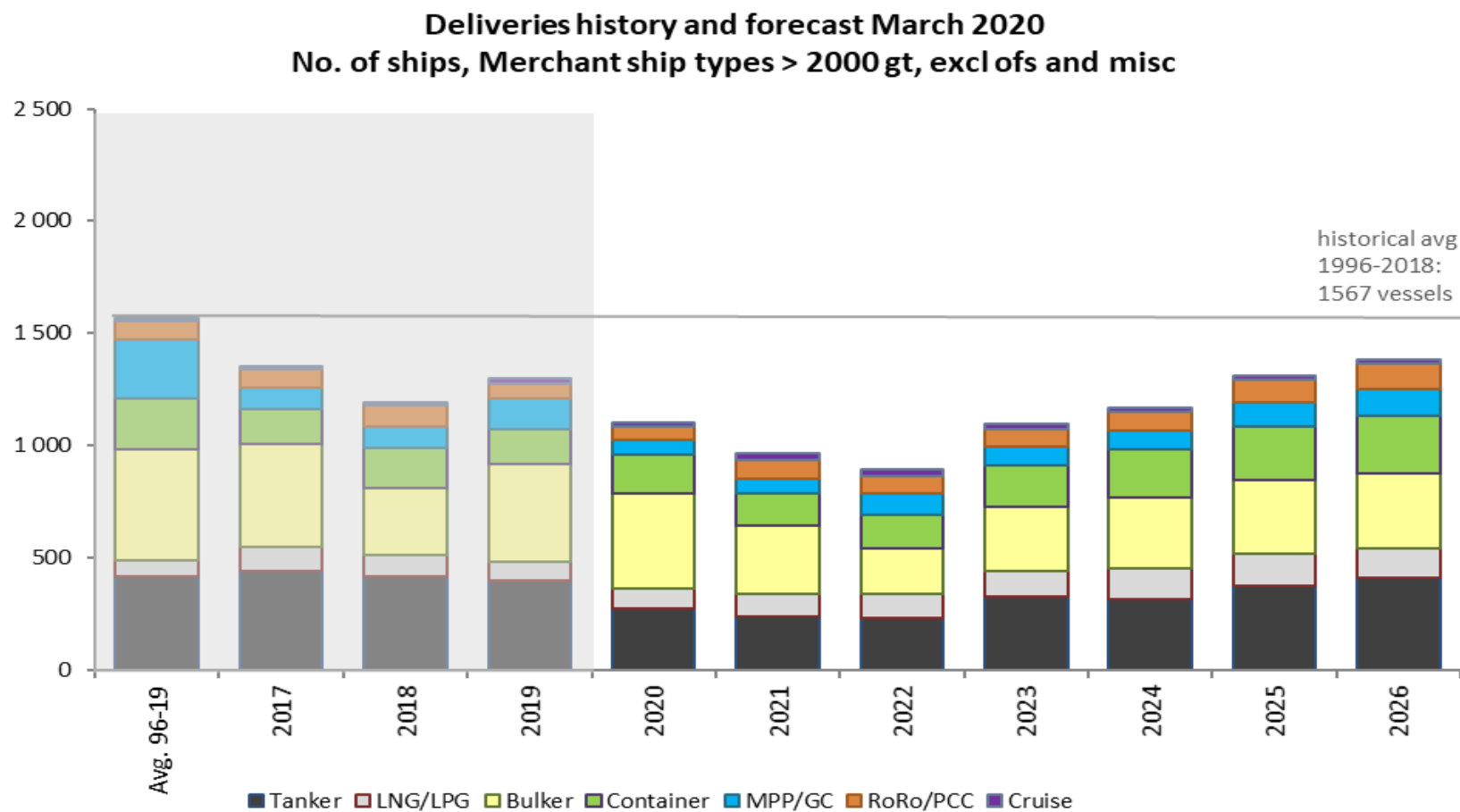
Merchant ships: Contracting forecast by shiptype (no of ships)

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

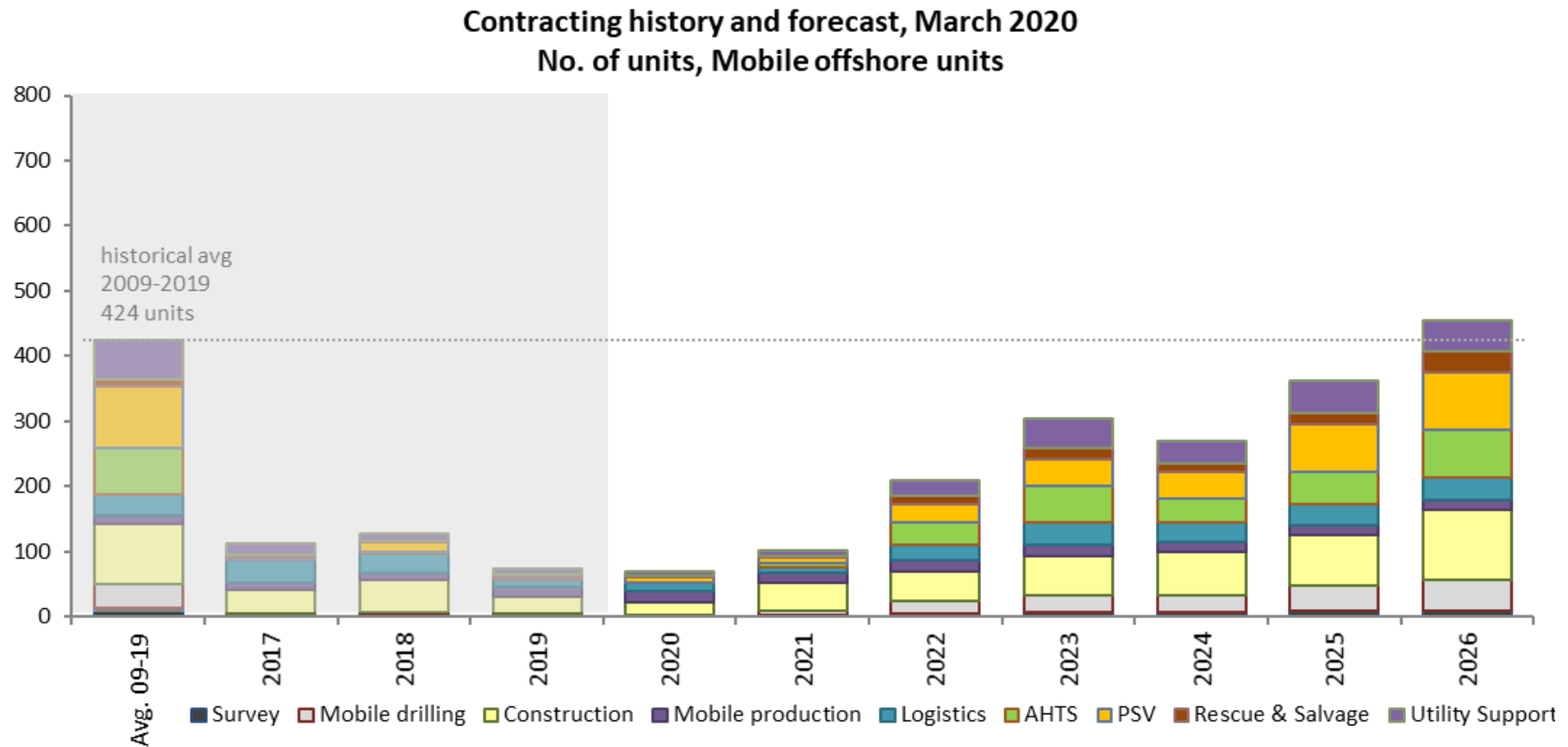


Merchant ships: Deliveries forecast by shiptype (no of ships)

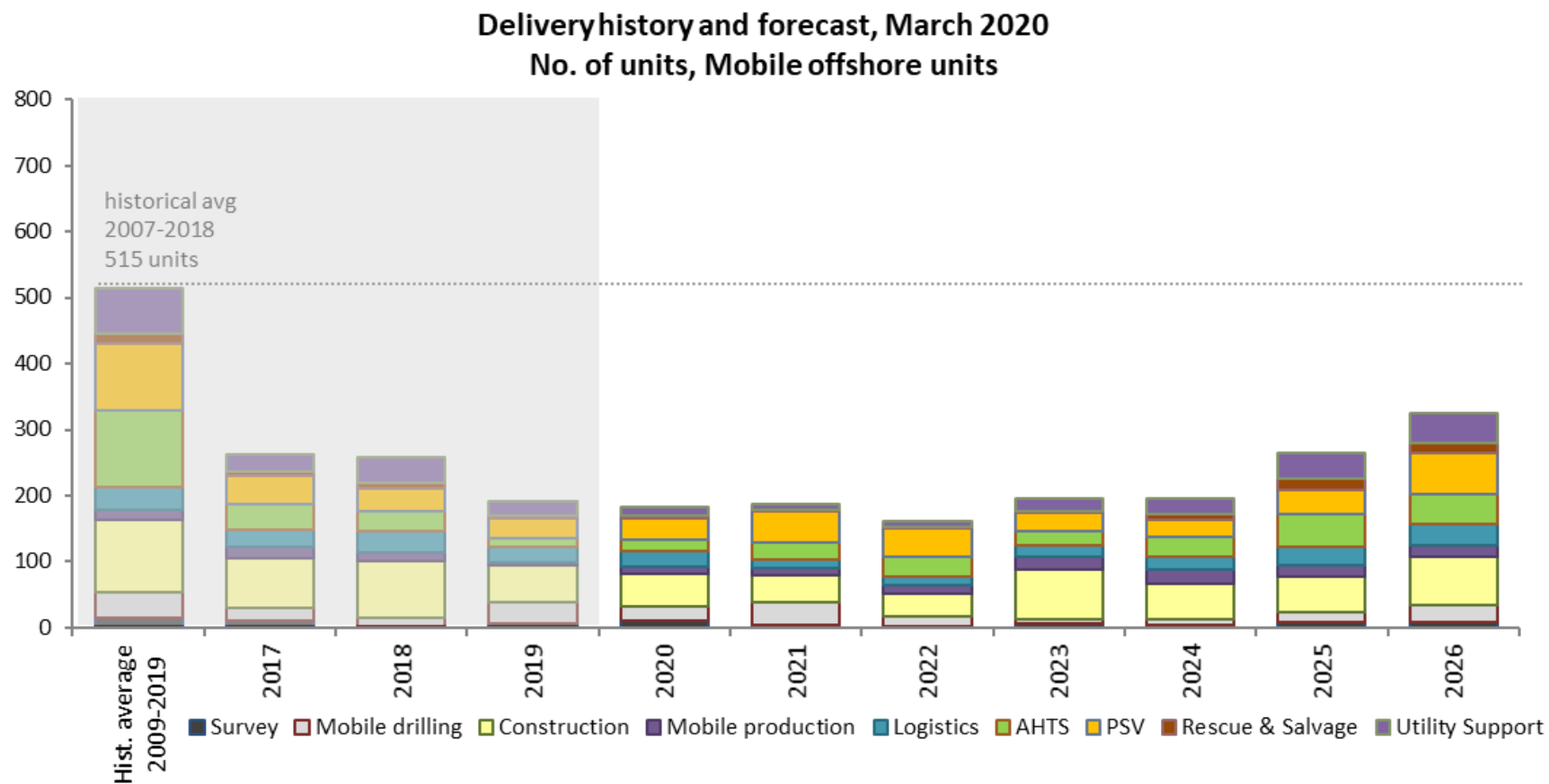
Merchant ship types > 2000 gt excl offshore and misc, base case



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



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

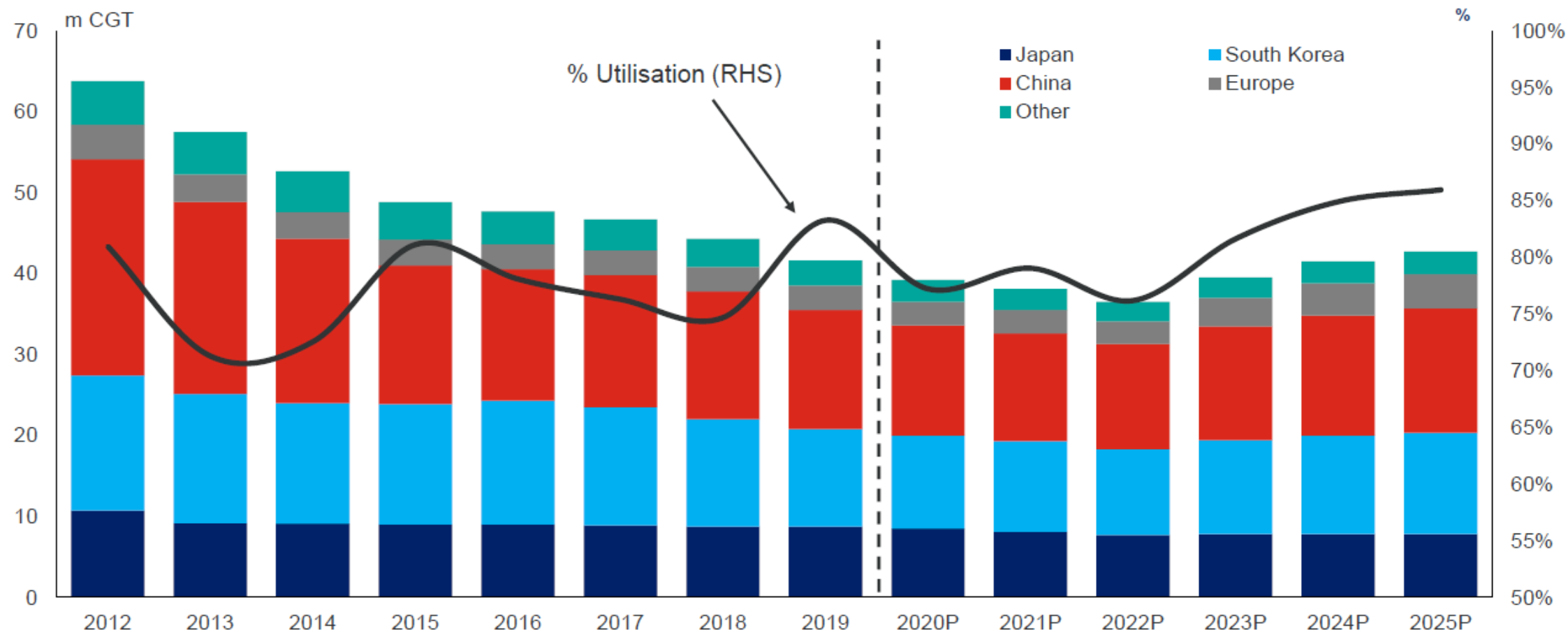


Shipbuilding – contracting ships >2000 gt/dwt

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%

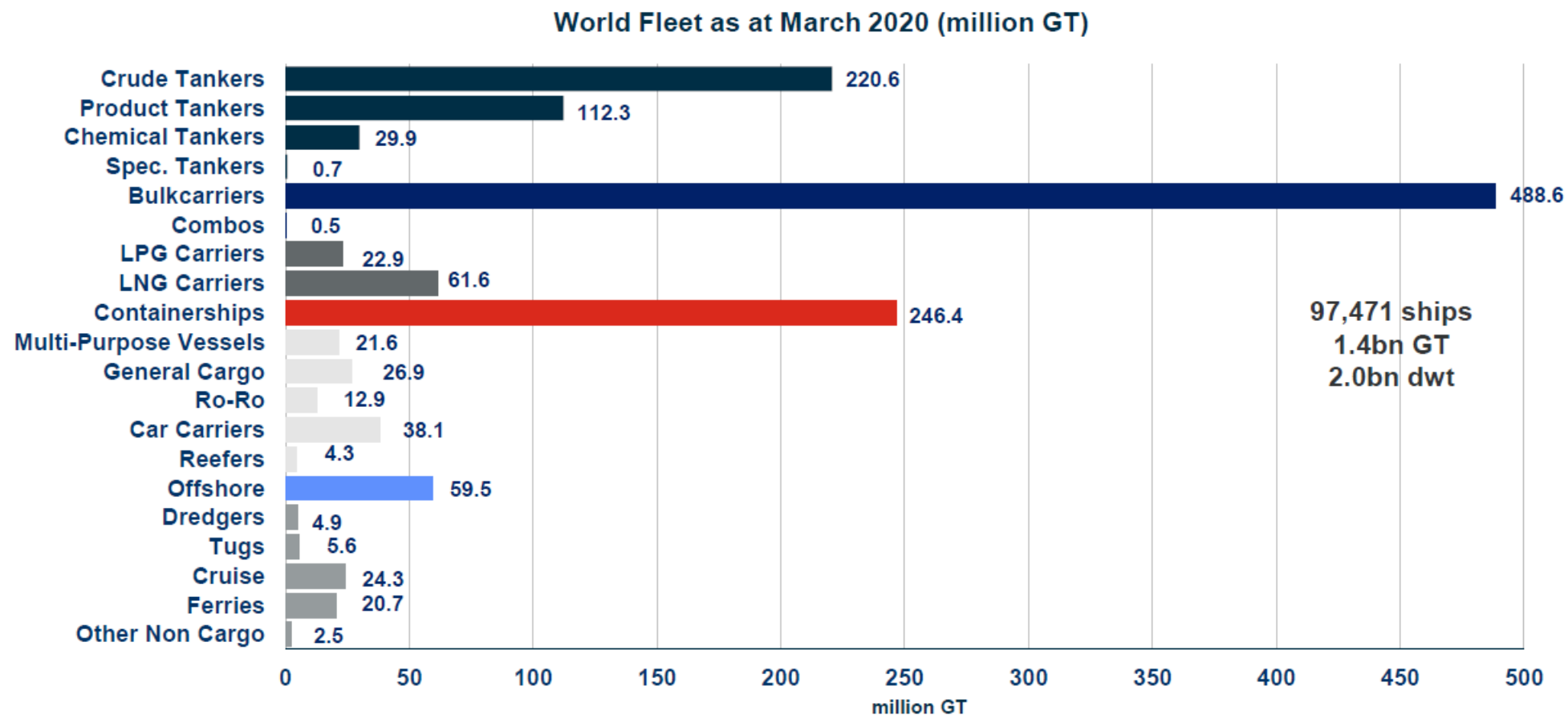
Shipbuilding capacity and utilisation scenario

Capacity projected to reach low at end 2022



Shipping – The world fleet

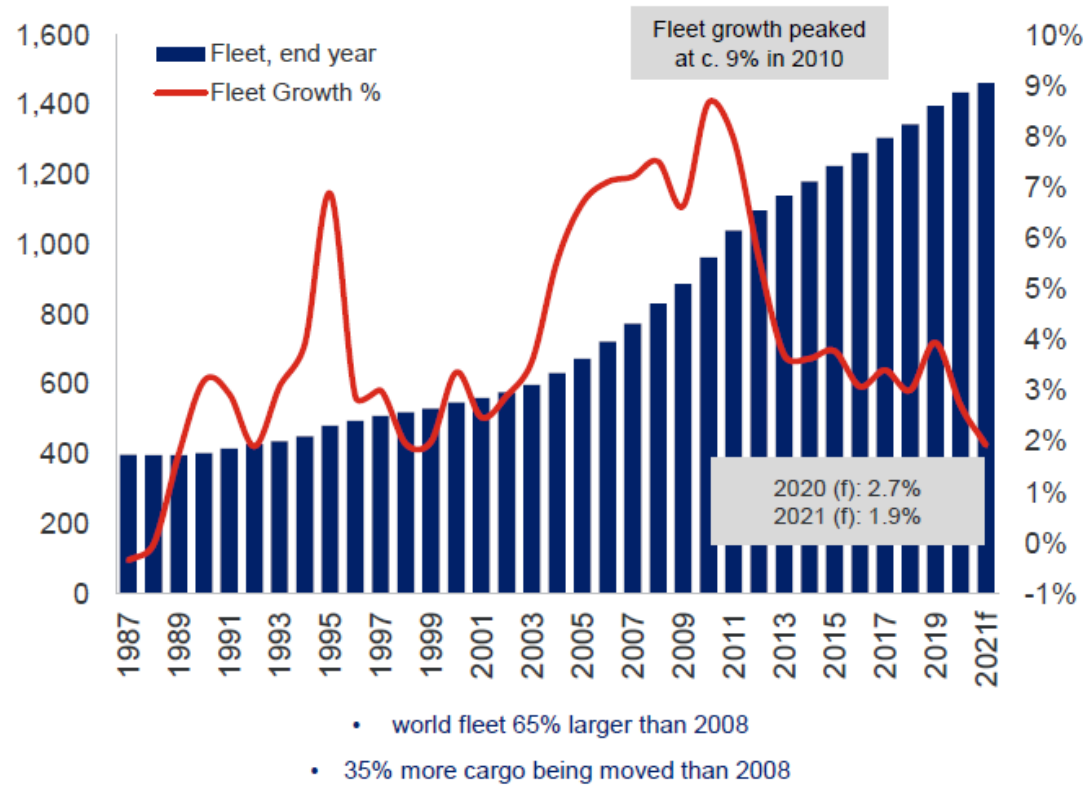
World fleet comprises currently roughly 97,000 ships



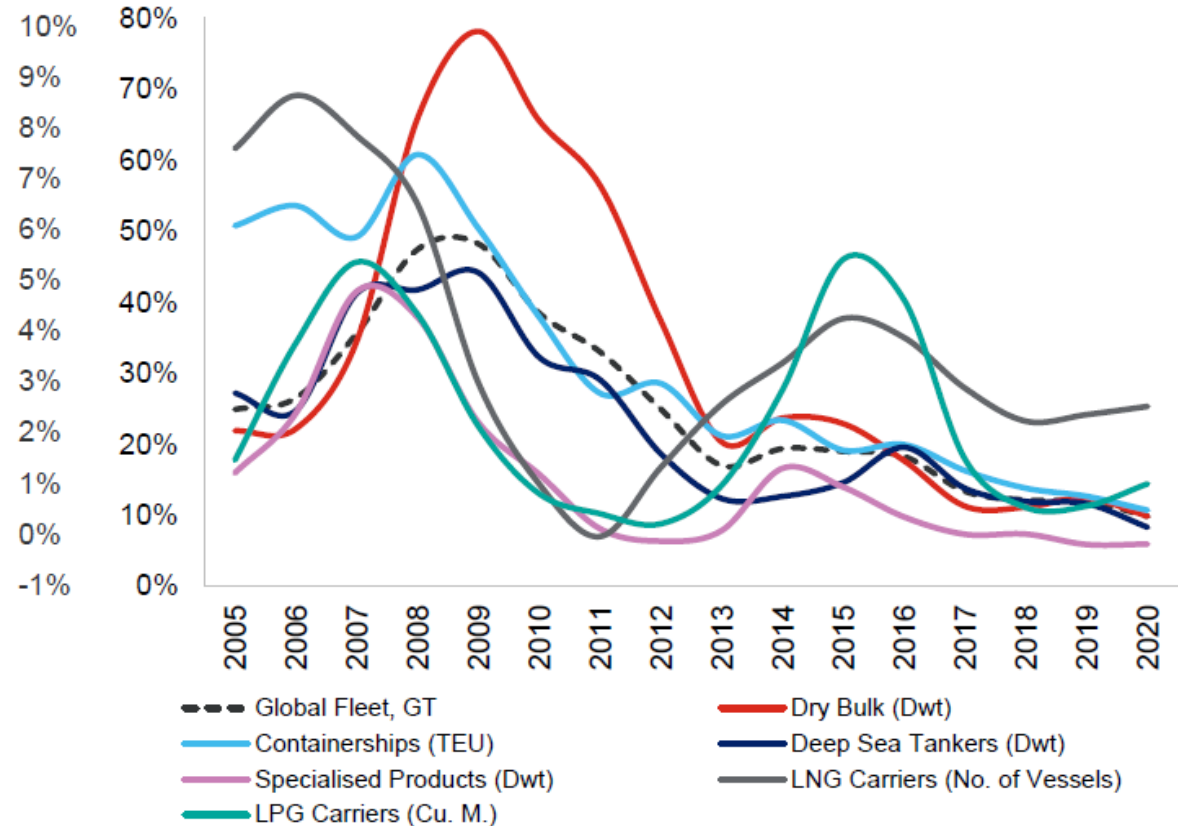
World fleet and order book development

World fleet growth slowing; orderbook at historically low level at ~10% of the sailing fleet

Development of World Fleet, million GT

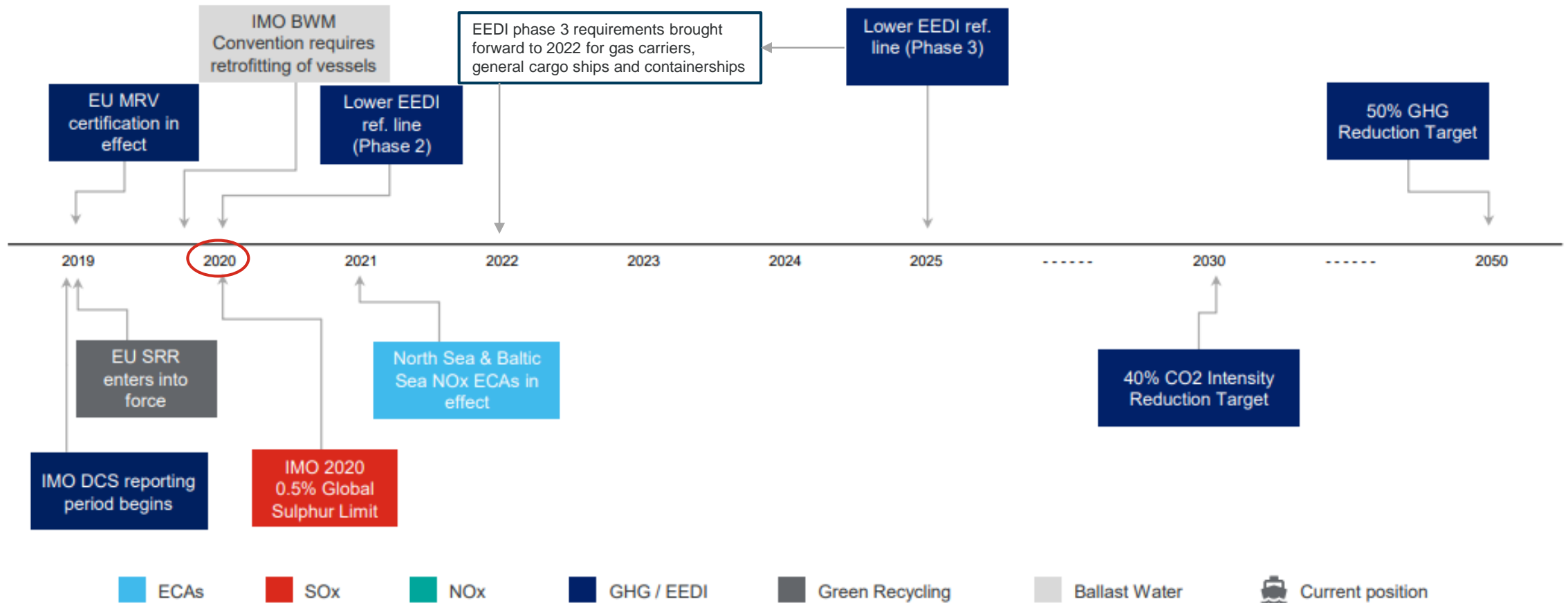


Orderbook as % of fleet – lowest for 20 years



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



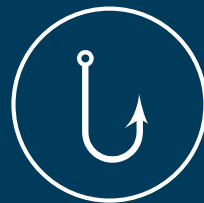
Marine and
seabed mining

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

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