

19 July 2018

Strong growth in orders received

Cargotec's January–June 2018 half year financial report
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Highlights of Q2 2018 – Strong growth in orders received

23% growth in orders received

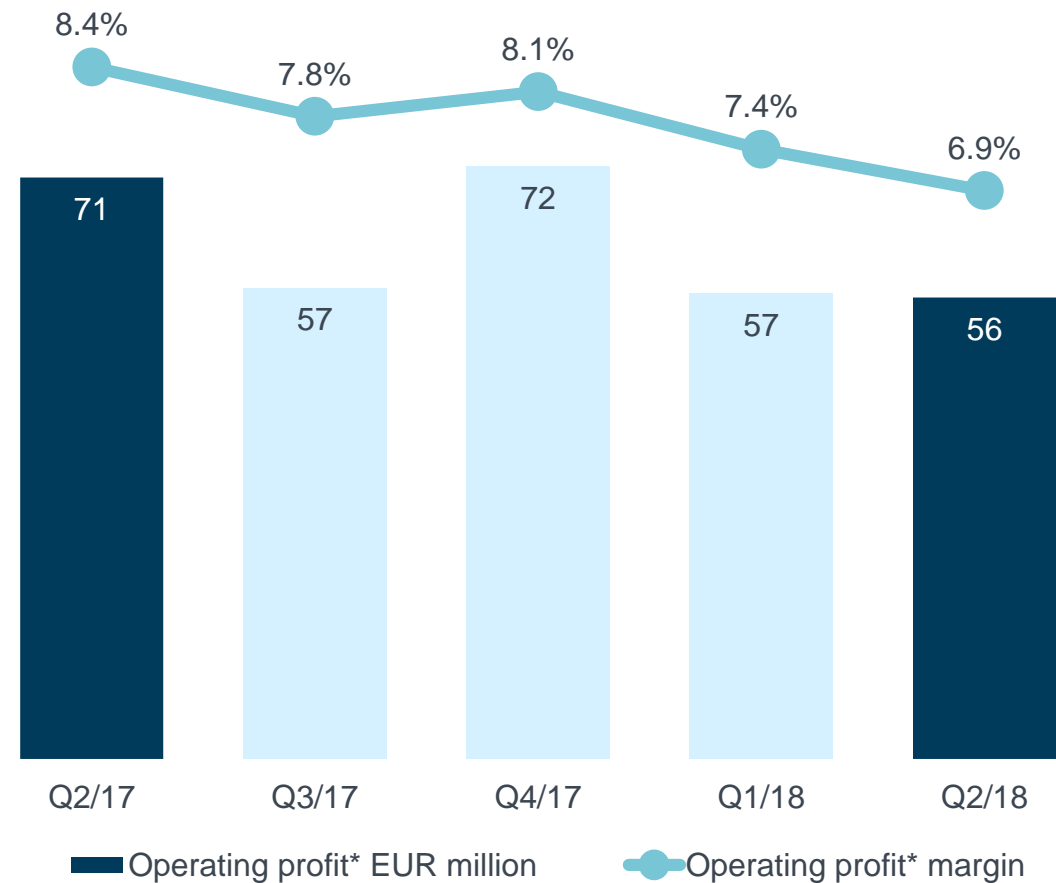
- Growth in Kalmar and Hiab
- Service orders increased by 16%

Solid growth in service sales continued

Operating profit* decreased

- Kalmar's operating profit declined due to less favorable business mix
- Negative impact from currencies for Hiab continued
- MacGregor at black despite sales decline

Restructuring costs of EUR 35 million weakened the result



*) Excluding restructuring costs

Market environment in H1 2018

Growth in number of containers handled at ports continued

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

Construction activity on good level

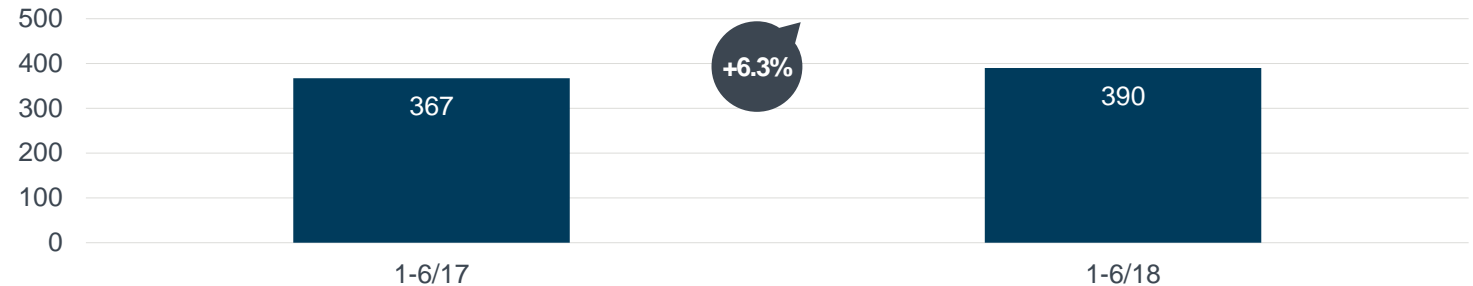
- Good development continued in Europe and the US

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

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

Global container throughput (MTEU) – Key driver for Kalmar

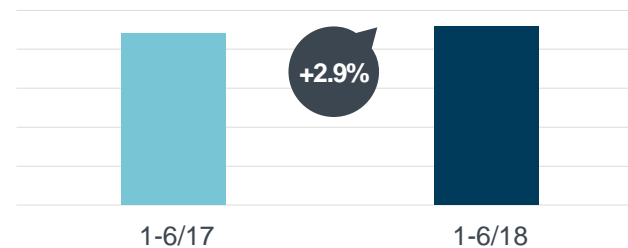
Source: Drewry



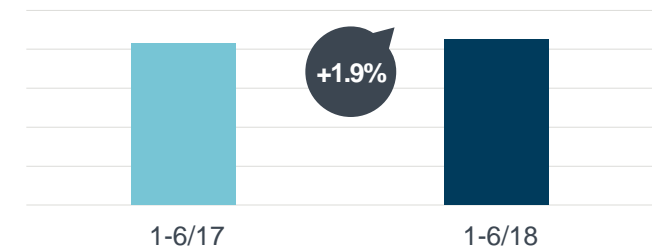
Construction output – Key driver for Hiab

Source: Oxford Economics

United States



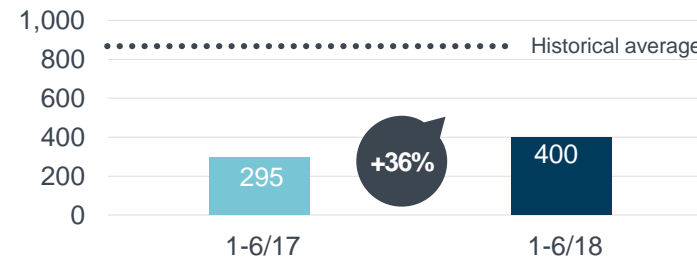
Europe



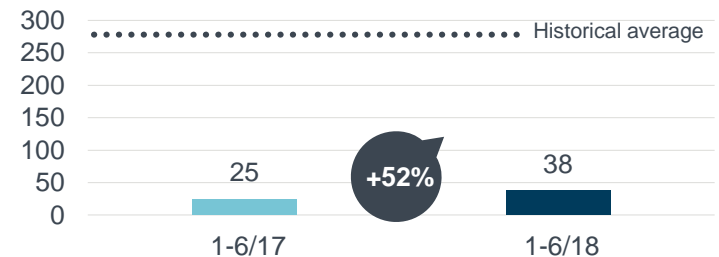
Long term contracting – Key driver for MacGregor

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

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



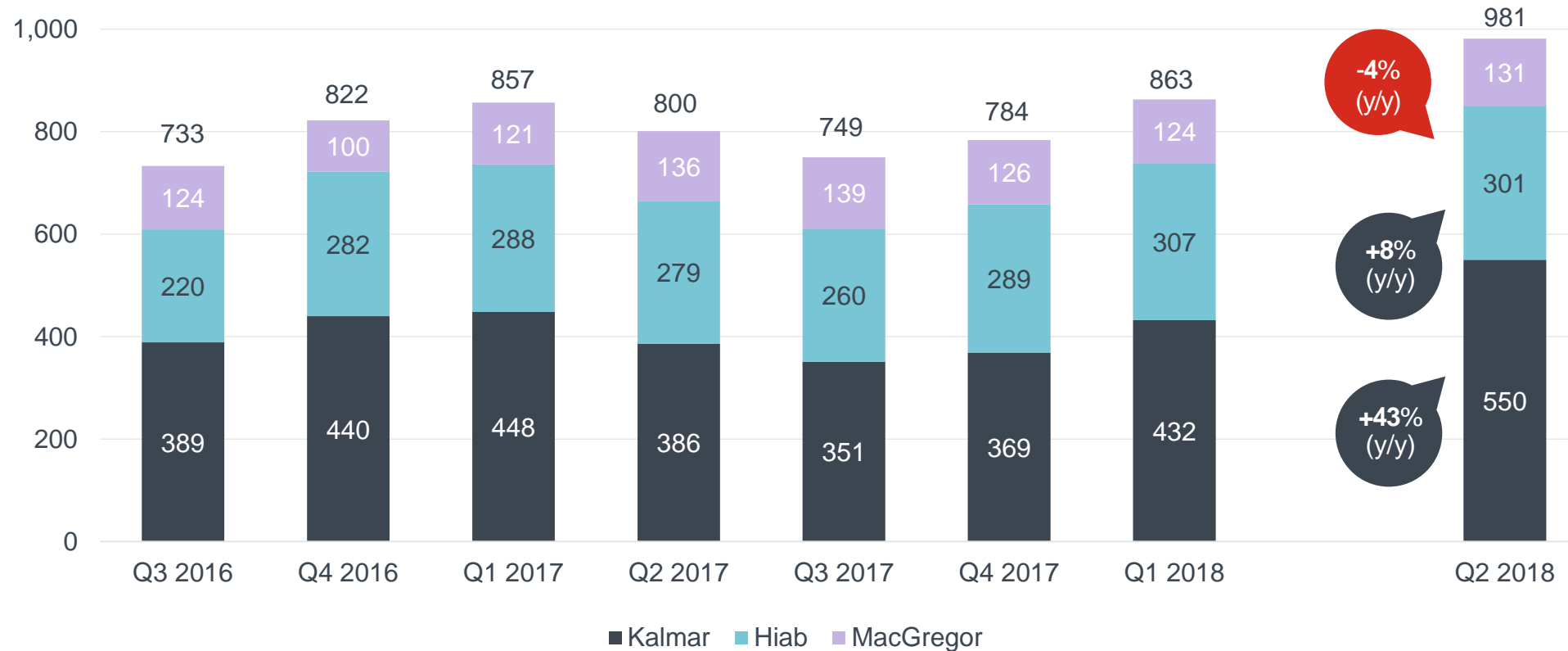
Mobile offshore units



Strong orders received in Kalmar

Orders received

MEUR



-4%
(y/y)

+8%
(y/y)

+43%
(y/y)

Changes y/y in comparable FX rates

- MacGregor -1%
- Hiab +12%
- Kalmar +50%
- Total +28%

Recent 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

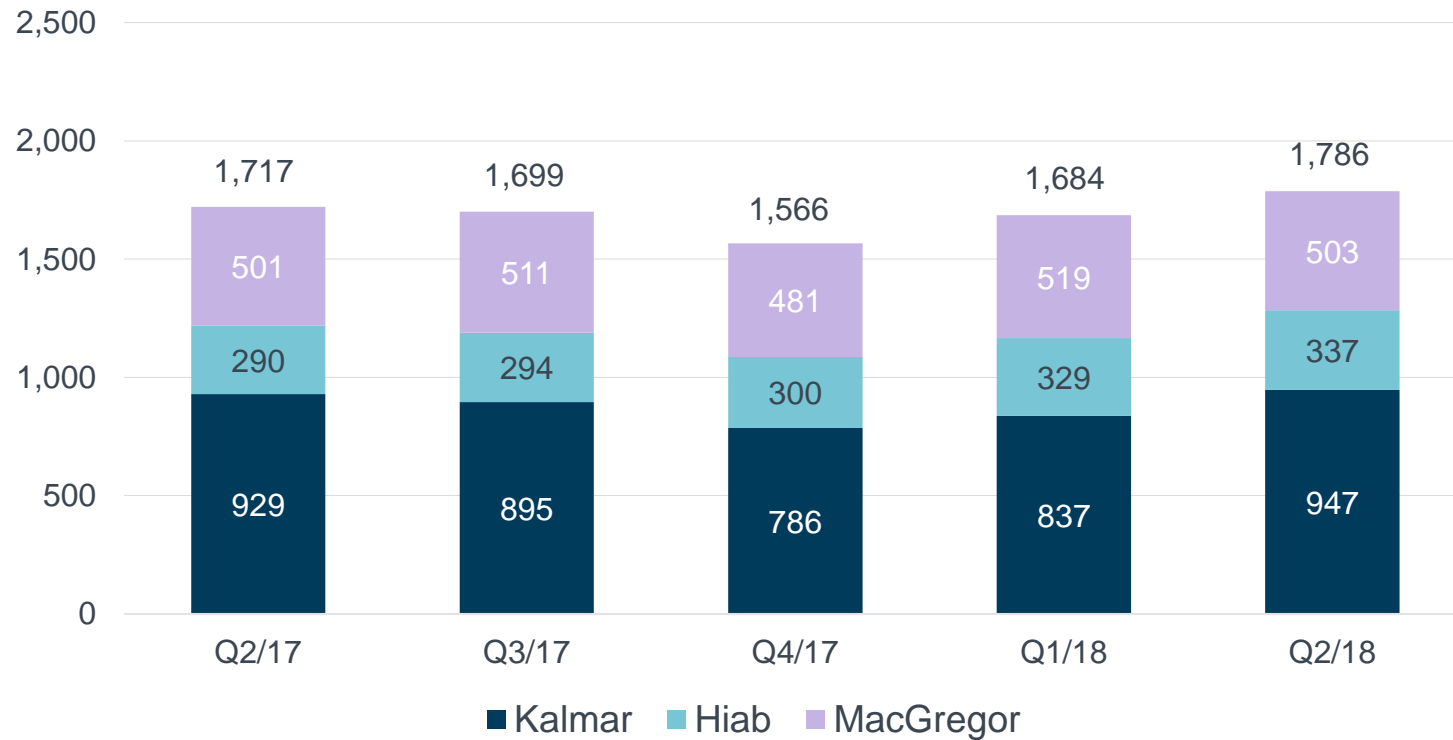
Solution enables autonomous, cost efficient and emission-free operations of the Yara Birkeland container ship in Norway



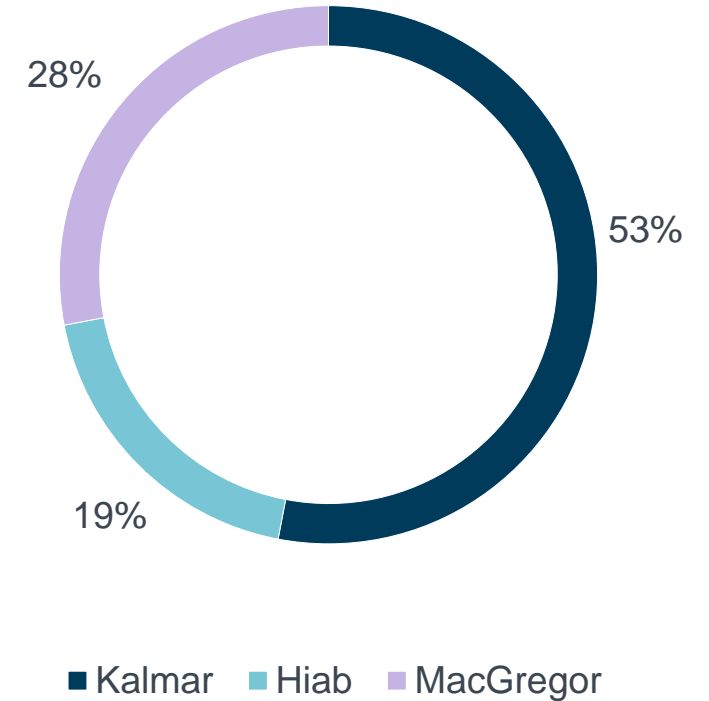
Order book improving

Order book

MEUR



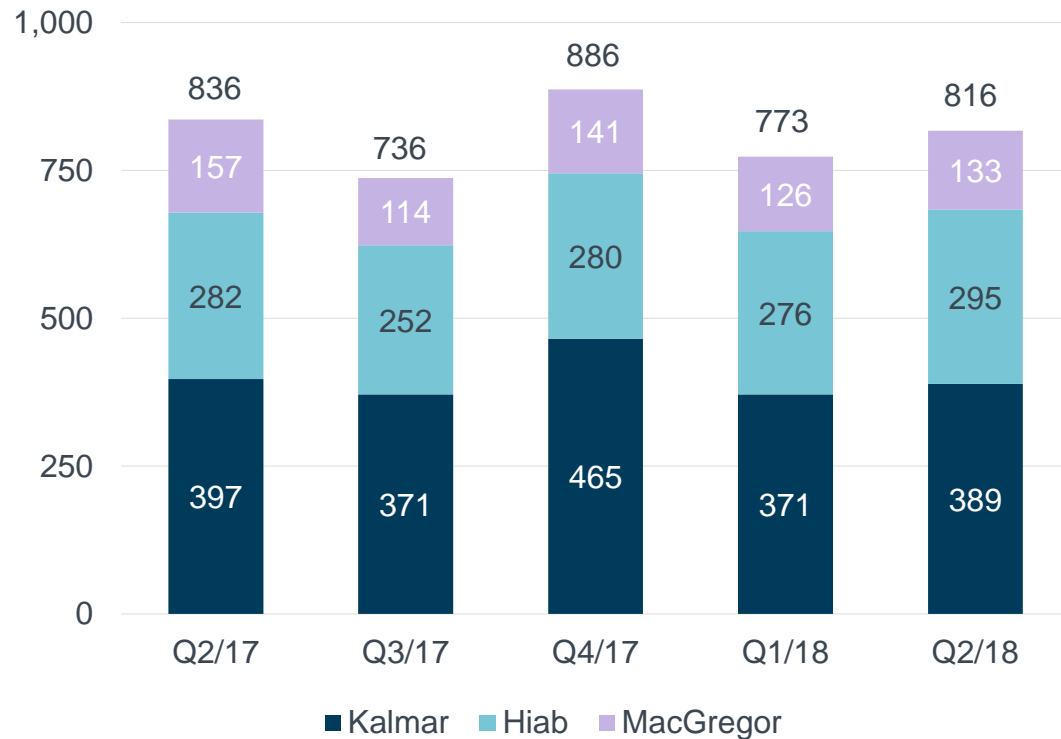
Order book by reporting segment, Q2 2018



Operating profit* and sales declined from Q2 2017

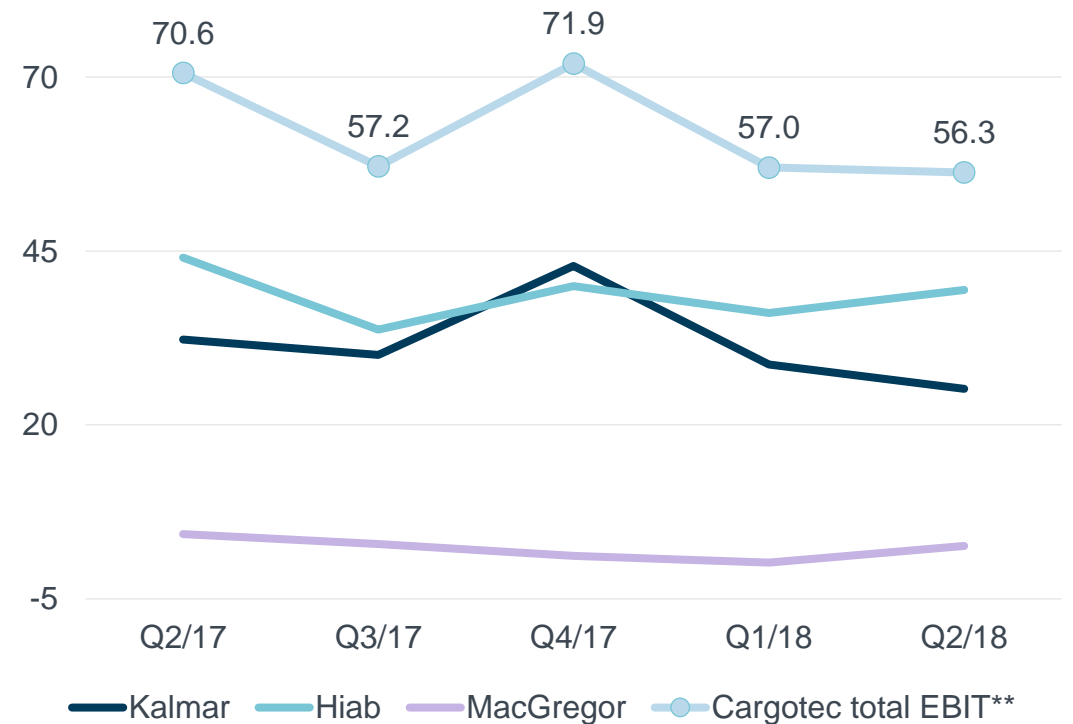
Sales

MEUR



Operating profit*

MEUR

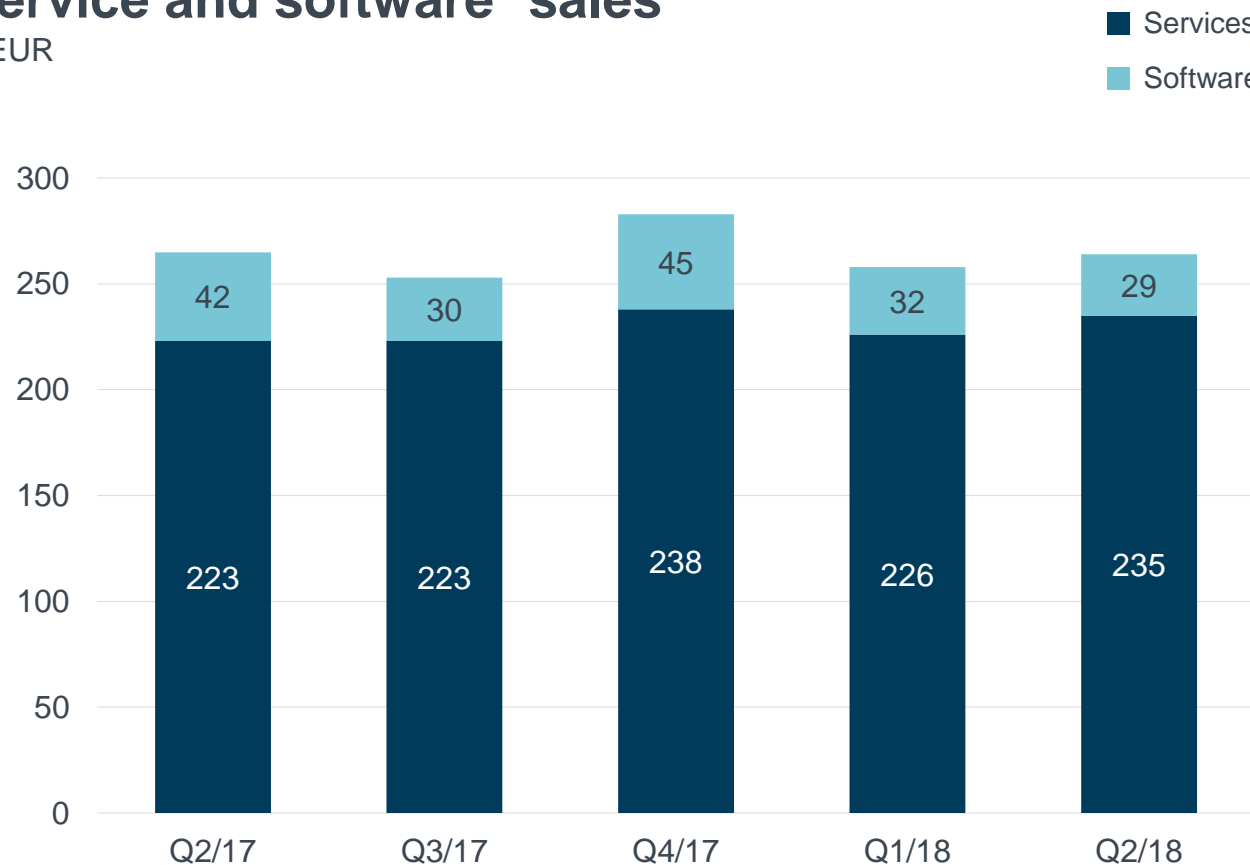


*) Excluding restructuring costs, **) Including Corporate admin and support

Solid growth in services continued

Service and software* sales

MEUR



*Software sales defined as Navis business unit and automation software

Service sales grew 5%

- Kalmar +6% (+10% in comparable FX)
- Hiab +7% (+11%)
- MacGregor +3% (+6%)
- Total service sales +9% in comparable FX

Software sales declined

- Comparison period included a large license contract
- Negative impact from currencies

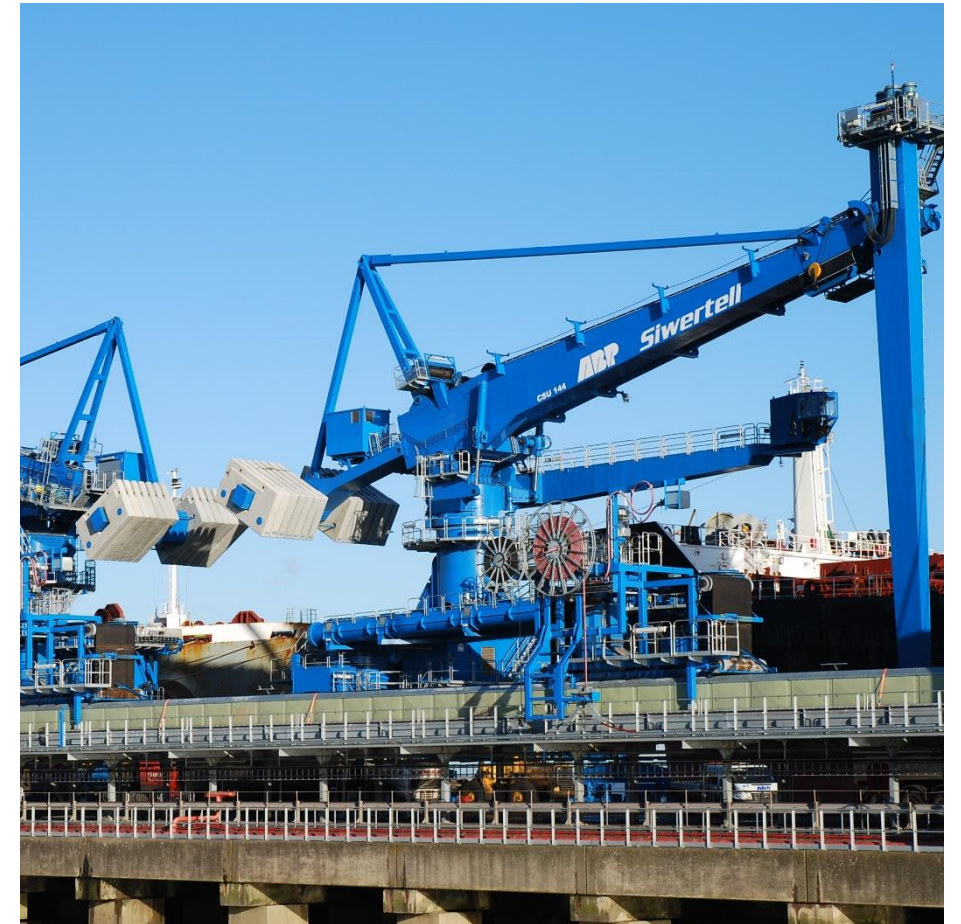
Shaping the portfolio

Two divestments made during Q2/18

Divestments

- Siwertell and Kalmar Rough Terrain Center
- Both outside of Kalmar's core areas of container ports, heavy industry and distribution

Revaluation of RHI shares, non-cash EUR 30 million charge





Business areas

Cargotec's January–June half year
report 2018

Kalmar Q2 – Good level of orders received

Orders received increased strongly

- EUR 80 million automation order from Australia
- Good development also in mobile equipment and services

Sales impacted by:

- Divestment of Siwertell
- Delivery challenges
- Currencies

Service sales +6%

Operating profit* decreased due to less favorable business mix

MEUR	Q2/18	Q2/17	Change
Orders received	550	386	+43%
Order book	947	929	+2%
Sales	389	397	-2%
Operating profit*	25.2	32.3	-22%
Operating profit margin*	6.5%	8.1%	-165bps



Hiab Q2 – Strong demand for Hiab’s solutions continued

Strong development in orders received continued

- Growth in EMEA +25%

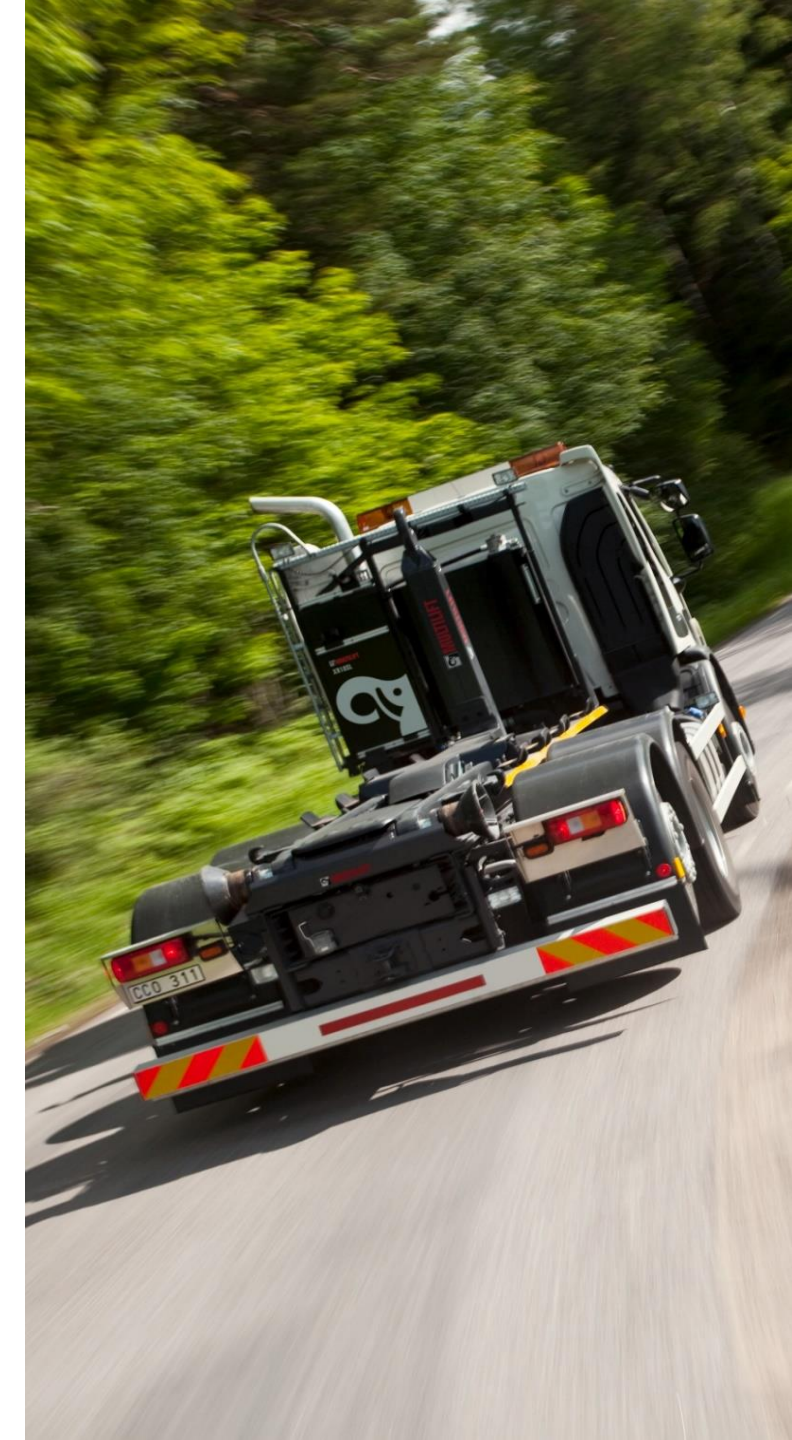
Sales increased +5%

- Service sales growth +7%

Operating profit declined due to:

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

MEUR	Q2/18	Q2/17	Change
Orders received	301	279	+8%
Order book	337	290	+16%
Sales	295	282	+5%
Operating profit*	39.4	44.0	-11%
Operating profit margin*	13.4%	15.6%	-226bps



MacGregor Q2 – Orders received decreased slightly

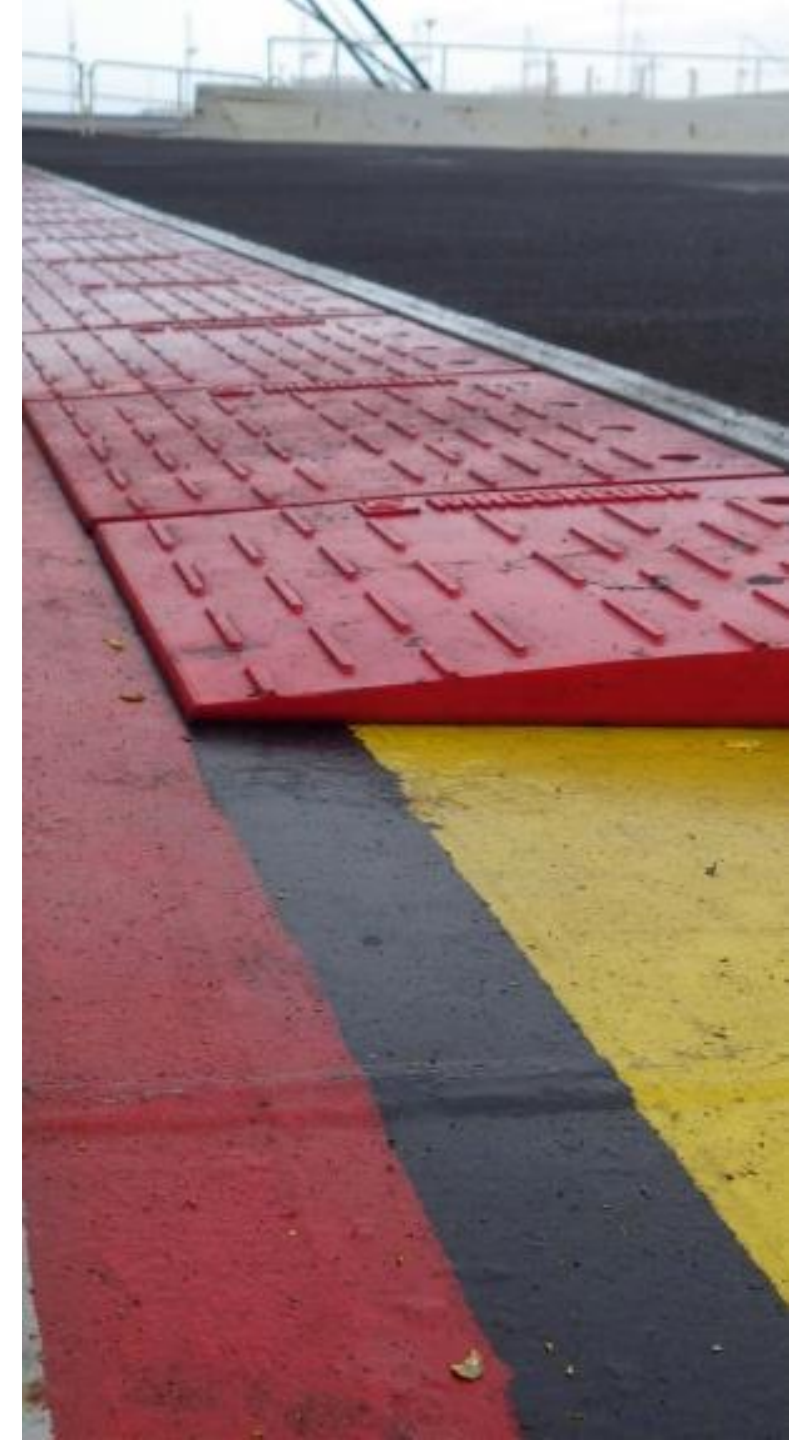
Orders received decreased

- Slight increase in merchant sector, decline in offshore
- Growth in service orders received

Service sales increased by 3%

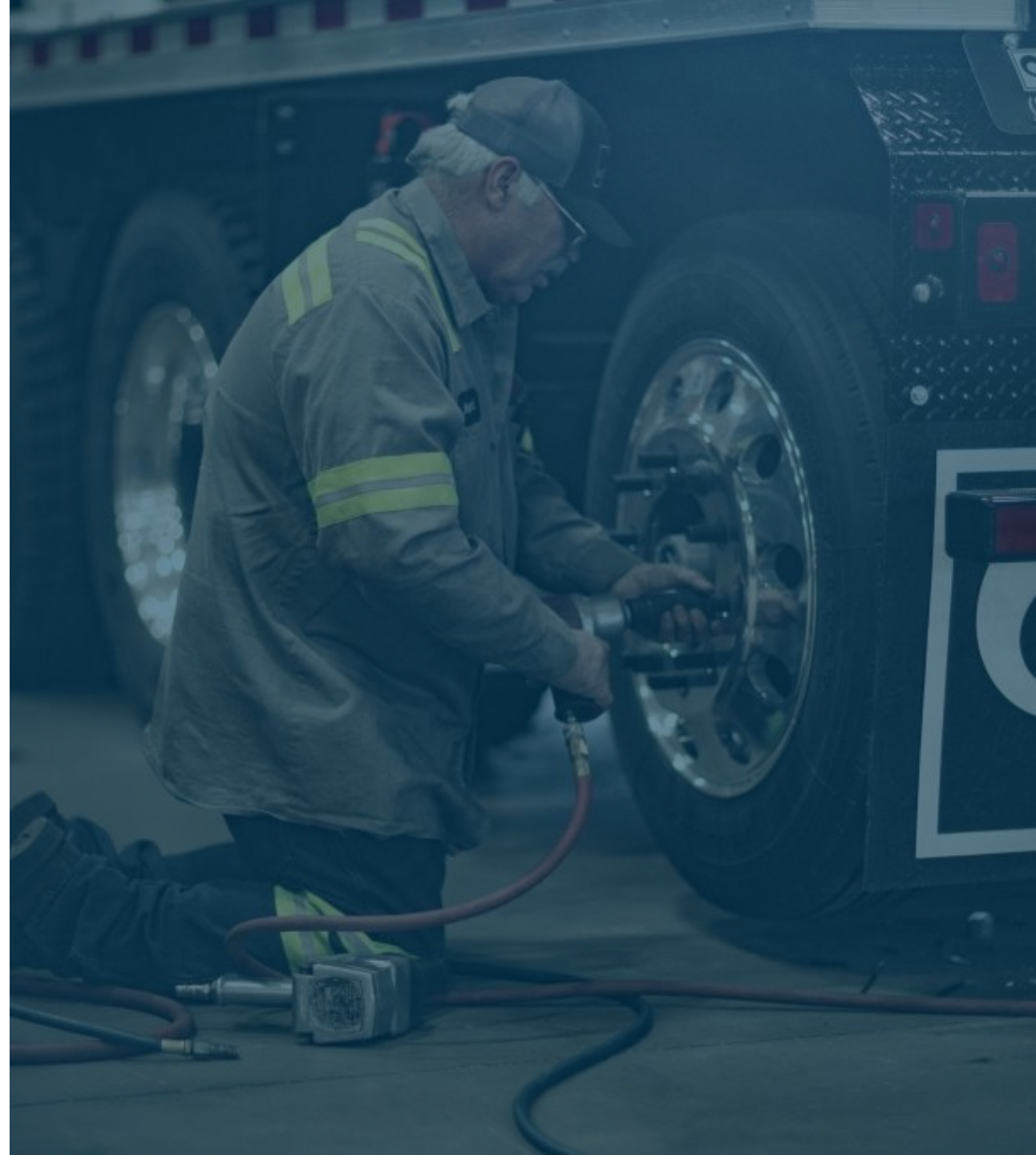
Operating profit* decreased due to lower sales

MEUR	Q2/18	Q2/17	Change
Orders received	131	136	-4%
Order book	503	501	0%
Sales	133	157	-15%
Operating profit*	2.6	4.3	-39%
Operating profit margin*	2.0%	2.7%	-78bps



Previously announced cost savings programmes proceeding

- EUR 50 million annual group-wide savings from 2020 onwards
 - EUR 15 million cumulative savings at the end of Q2/18
- EUR 13 million in 2018 (MacGregor)
 - EUR 5 million savings in H1/18
- EUR 13 million in 2018 (Kalmar)
 - Relocation of assembly operation completed
 - EUR 4 million savings in H1/18
- Product redesign and project management improvement continues in 2018



Financials and outlook

Cargotec's January–June half year
financial report 2018



Key figures – Orders received grew 23% in Q2 2018

	4–6/18	4–6/17**	Change	1–6/18	1–6/17**	Change
Orders received, MEUR	981	800	+23%	1,844	1,657	+11%
Order book, MEUR	1,786	1,717	+4%	1,786	1,717	+4%
Sales, MEUR	816	836	-2%	1,589	1,628	-2%
Operating profit*, MEUR	56.3	70.6	-20%	113.2	129.5	-13%
Operating profit*, %	6.9%	8.4%	-155bps	7.1%	8.0%	-83bps
Restructuring costs, MEUR	34.9	11.7	+199%	38.7	14.6	+166%
Operating profit, MEUR	21.3	58.9	-64%	74.5	114.9	-35%
Operating profit, %	2.6%	7.0%	-444bps	4.7%	7.1%	-237bps
Net income, MEUR	2.3	36.4	-94%	36.0	72.6	-50%
Earnings per share, EUR	0.03	0.56	-95%	0.55	1.13	-51%
Earnings per share, EUR***	0.50	0.70	-28%	1.07	1.29	-18%

*) Excluding restructuring costs

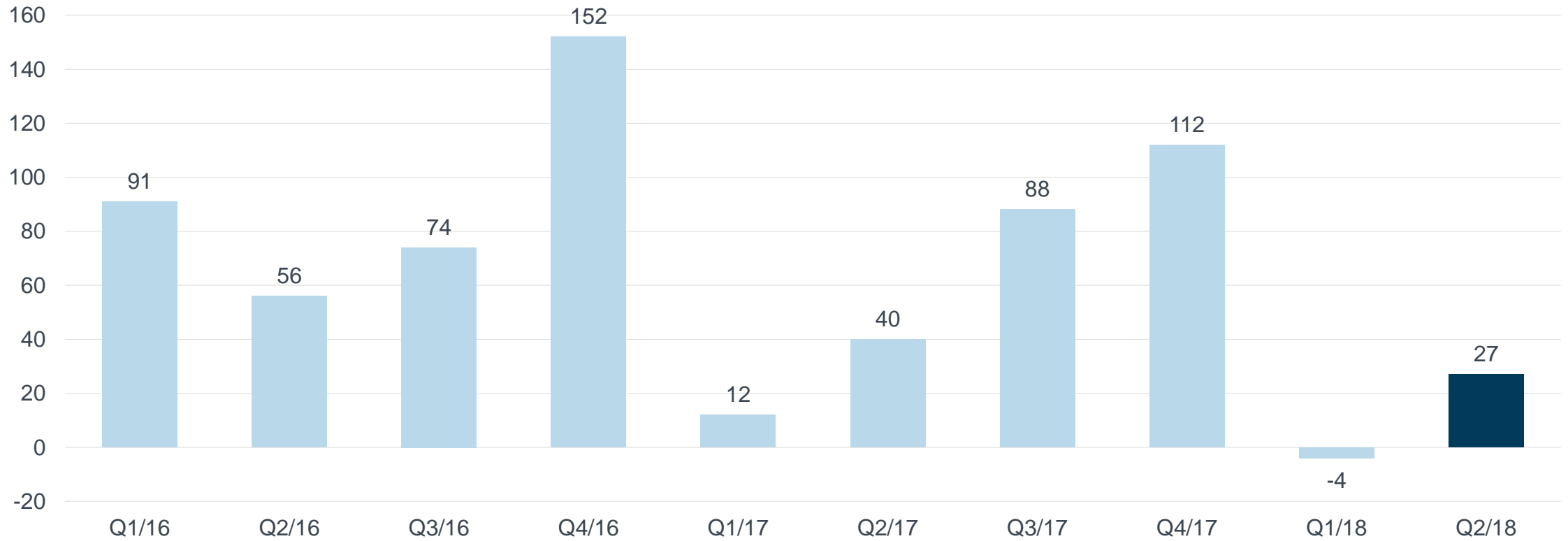
***) Year 2017 figures have been restated according to IFRS 15

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

Cash flow from operations weak due to supply chain challenges and lower advances received

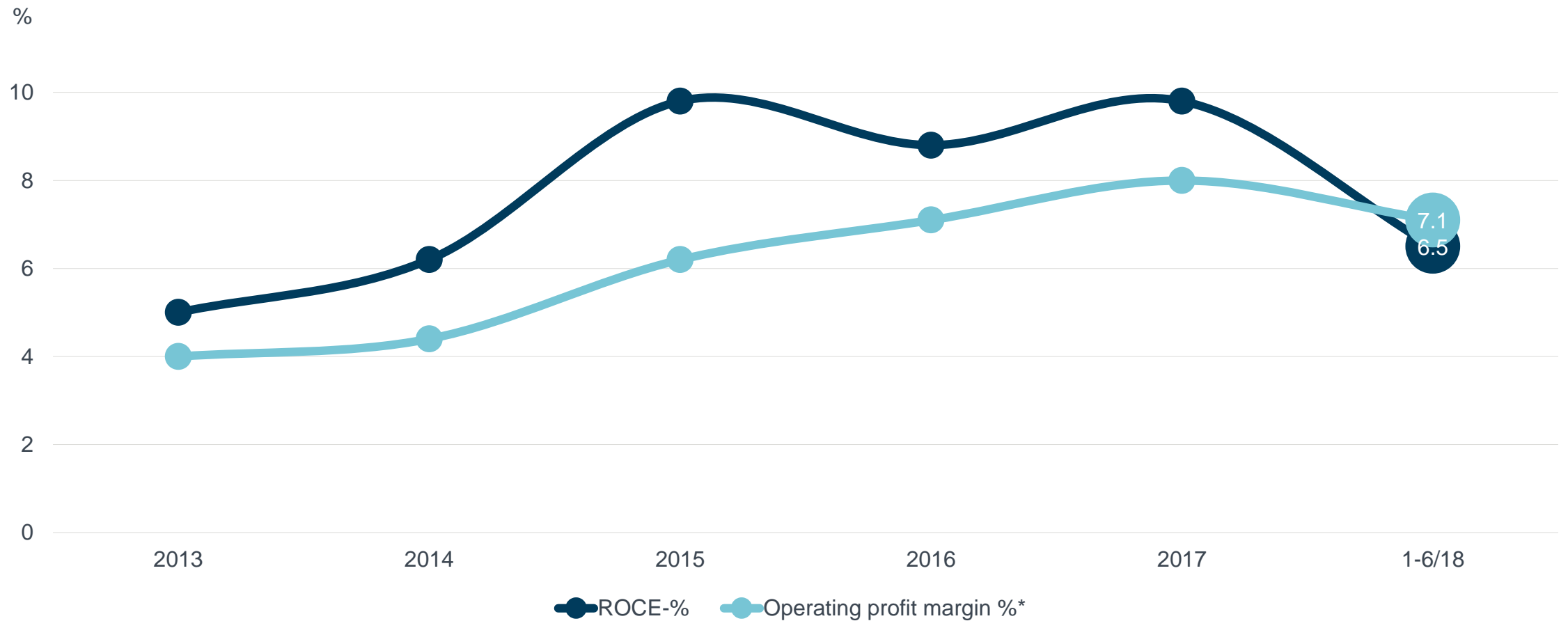
Cash flow from operations

MEUR



ROCE impacted by restructuring costs

ROCE excluding restructuring costs 10%



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).

