



8 February 2017

Operating profit* improvement continued, strong cash flow

Cargotec's financial statements review 2016

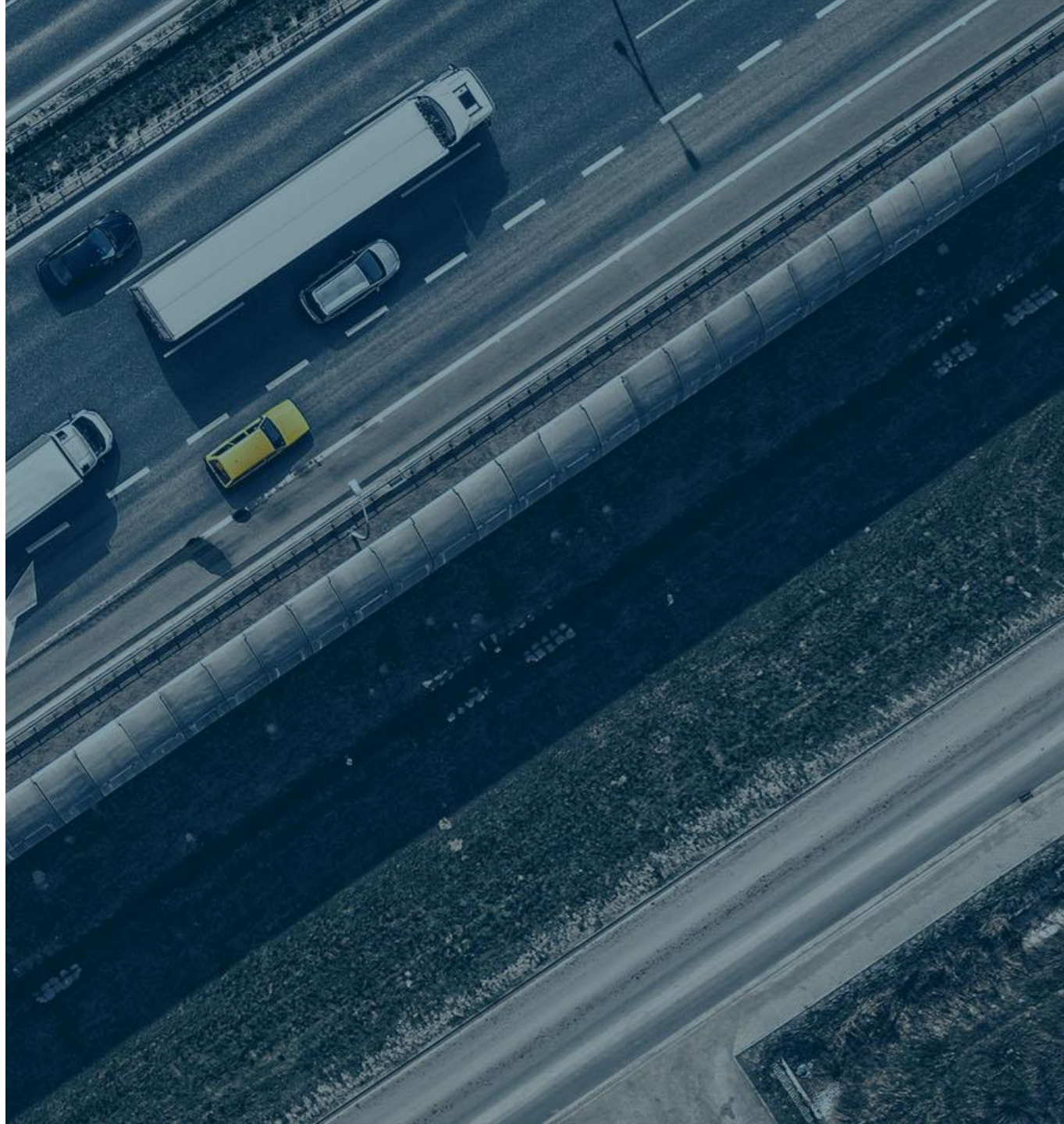
Mika Vehviläinen, CEO

Mikko Puolakka, CFO

*) Excluding restructuring costs

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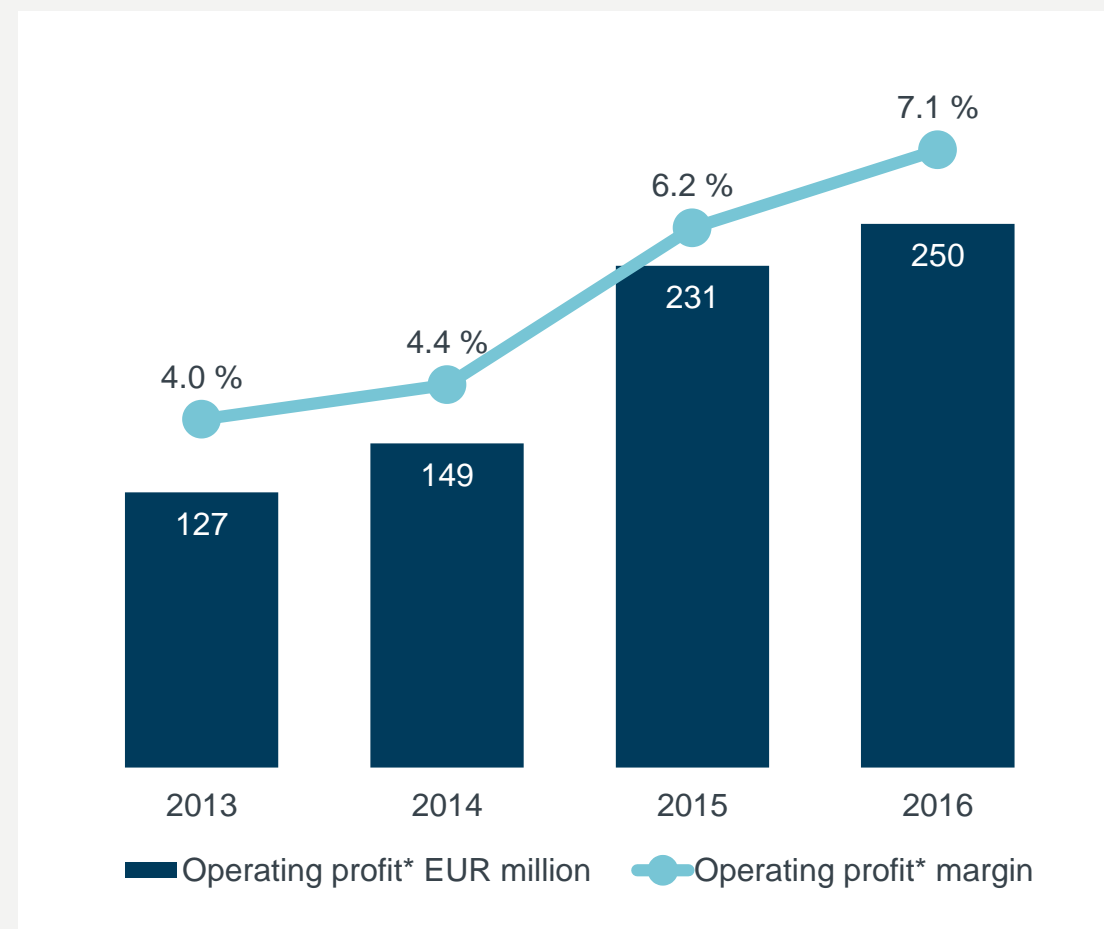
Highlights of 2016 – Highest operating profit* in Cargotec's history

Profitability continued to improve

- Record high operating profit excl. restructuring costs and margin continued to increase
 - Investments into the strategy: R&D costs have increased 43% compared to 2013
- Sales and profitability increased in Kalmar and Hiab
- MacGregor affected by difficult market situation, new actions to safeguard profitability started in Q4

Services sales 25% of total sales at EUR 872 (883) million

Strong cash flow from operations EUR 373 (315) million



*) Excluding restructuring costs

Market environment in 2016

Number of containers handled at ports grew

- Growth continued in 2016, but at slower pace
- Strong interest for efficiency improving automation solutions
- Customer decision making is slower

Construction activity on good level

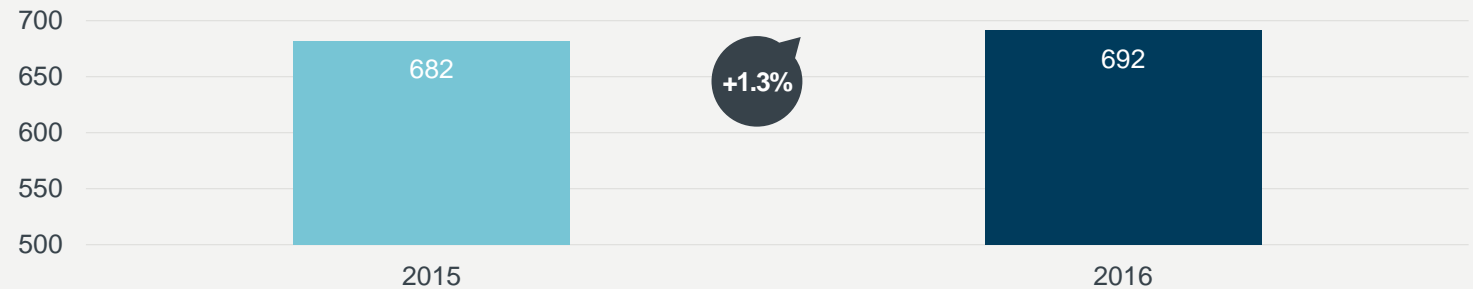
- Strong development continued in the US
- Activity levels increasing in Europe

Marine cargo handling equipment market still weak

- Market remained weak both in merchant and offshore
- Shipping and oil price environment improved towards the end of the year

Global container throughput (MTEU) – Key driver for Kalmar

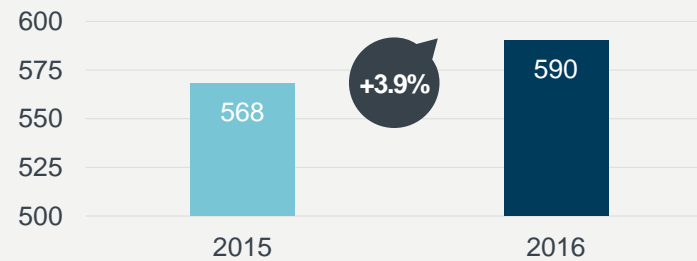
Source: Drewry



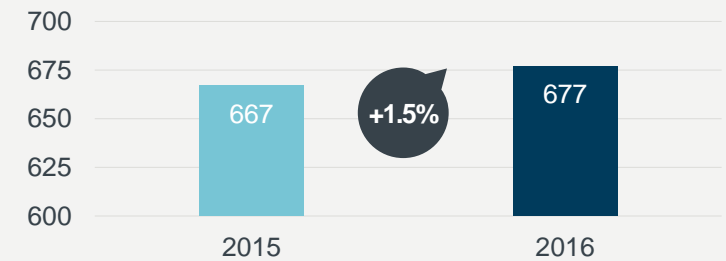
Construction output – Key driver for Hiab

Source: Oxford Economics (USD billion, 2010 prices)

North America



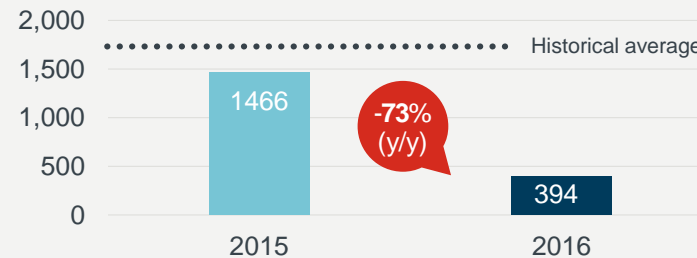
Europe



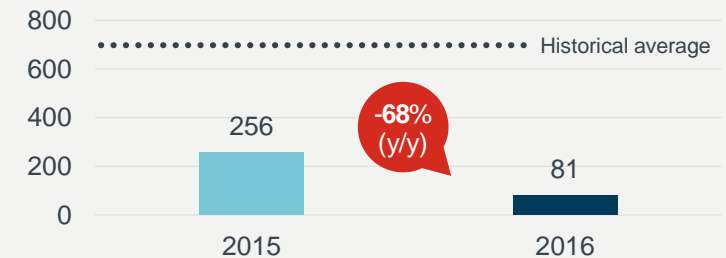
Long term contracting – Key driver for MacGregor

Sources: Unctad, Clarkson Research (number of ships and offshore units)

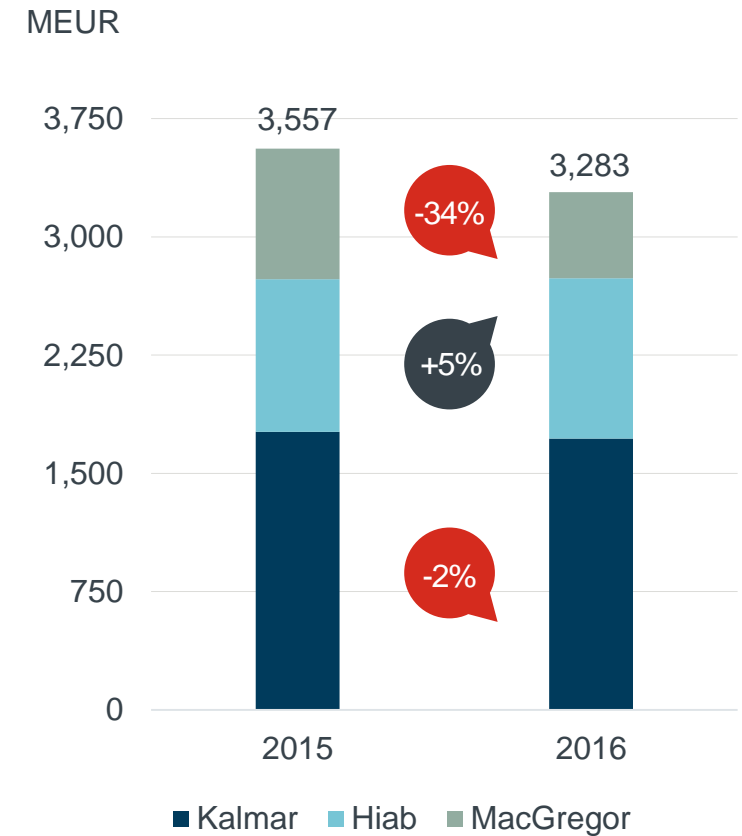
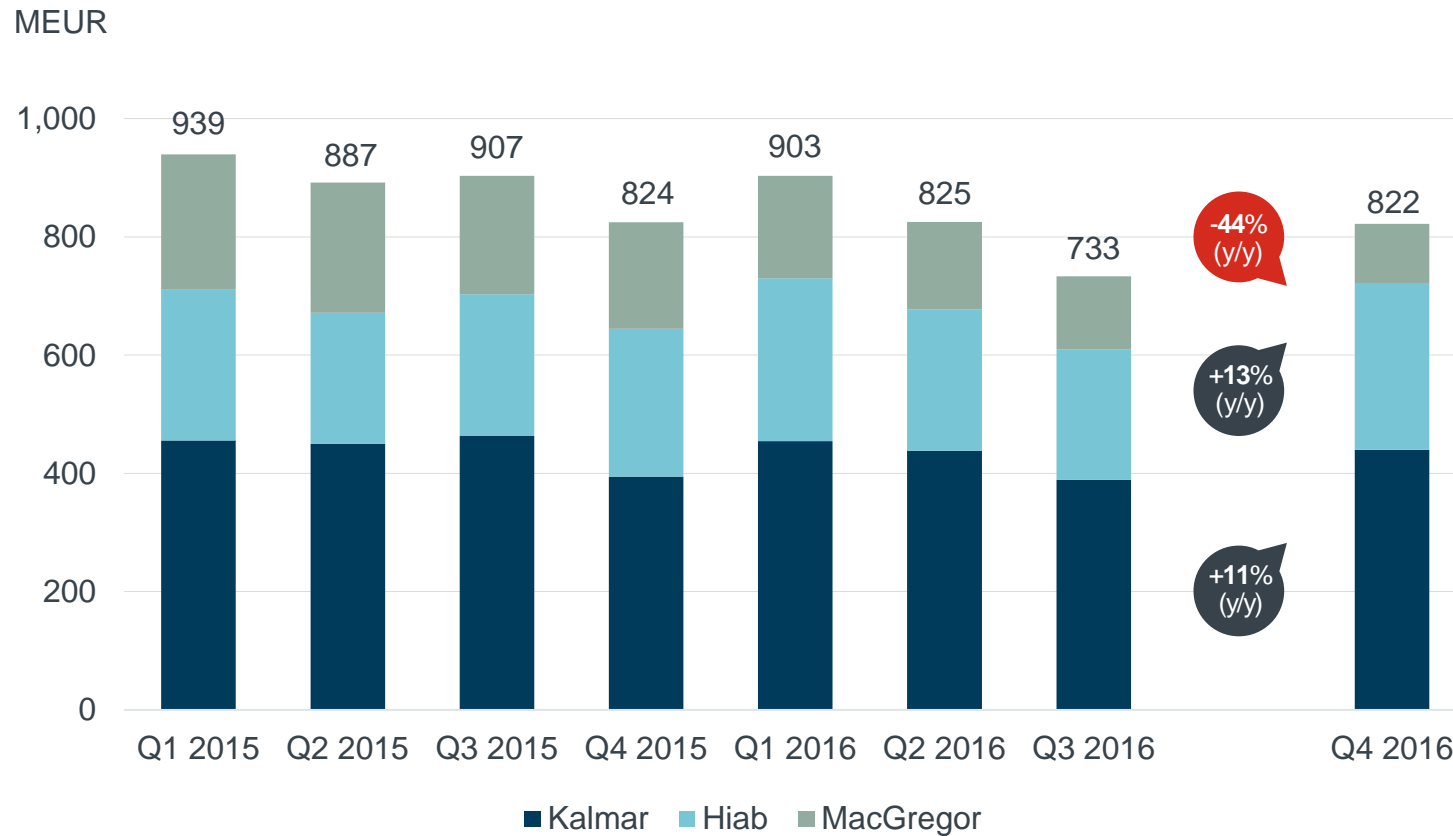
Merchant ships > 2,000 gt



Mobile offshore units



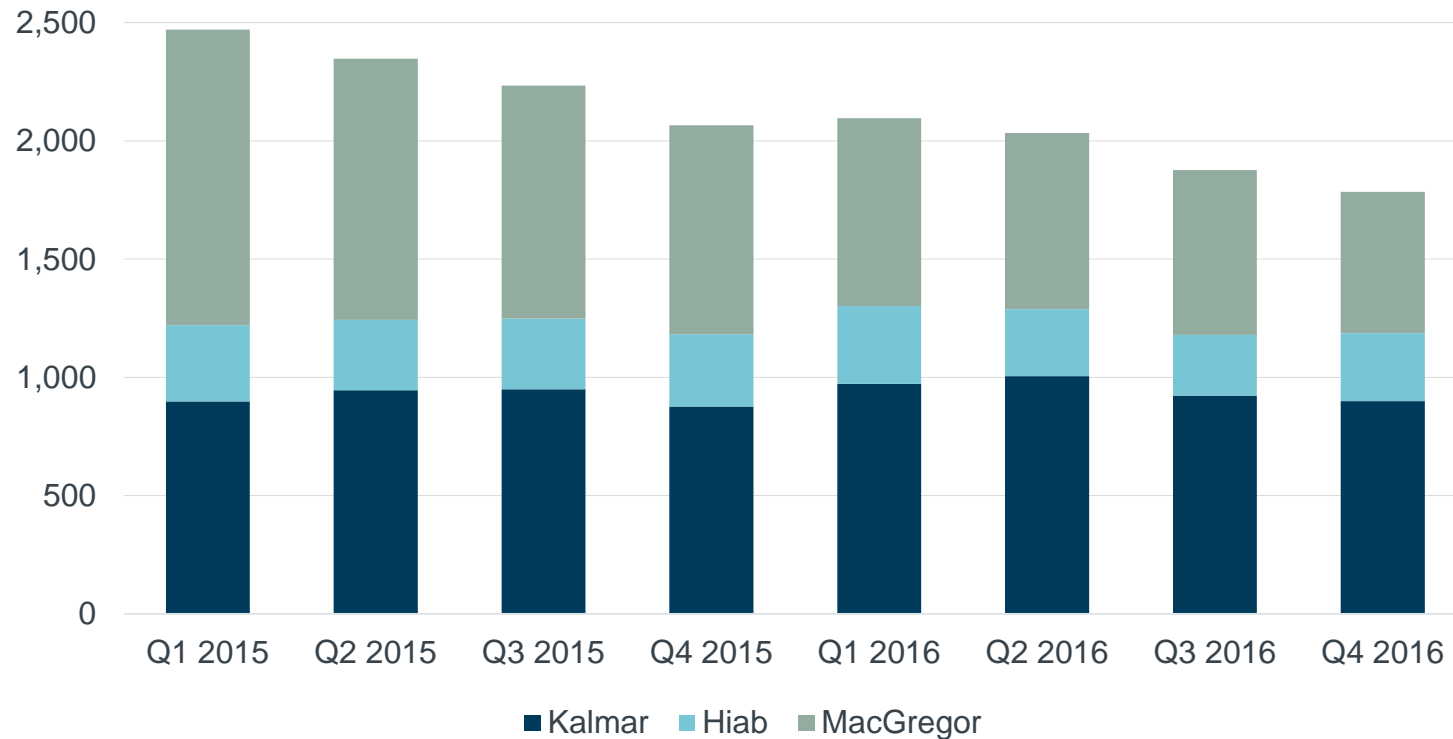
Orders received – Hiab's and Kalmar's orders received grew in Q4



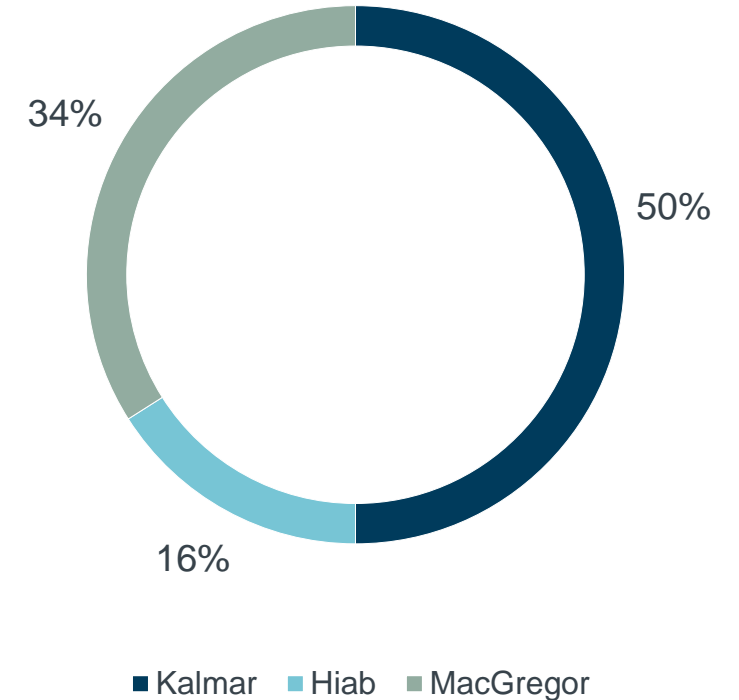
Order book stable in Kalmar and Hiab

Order book

MEUR



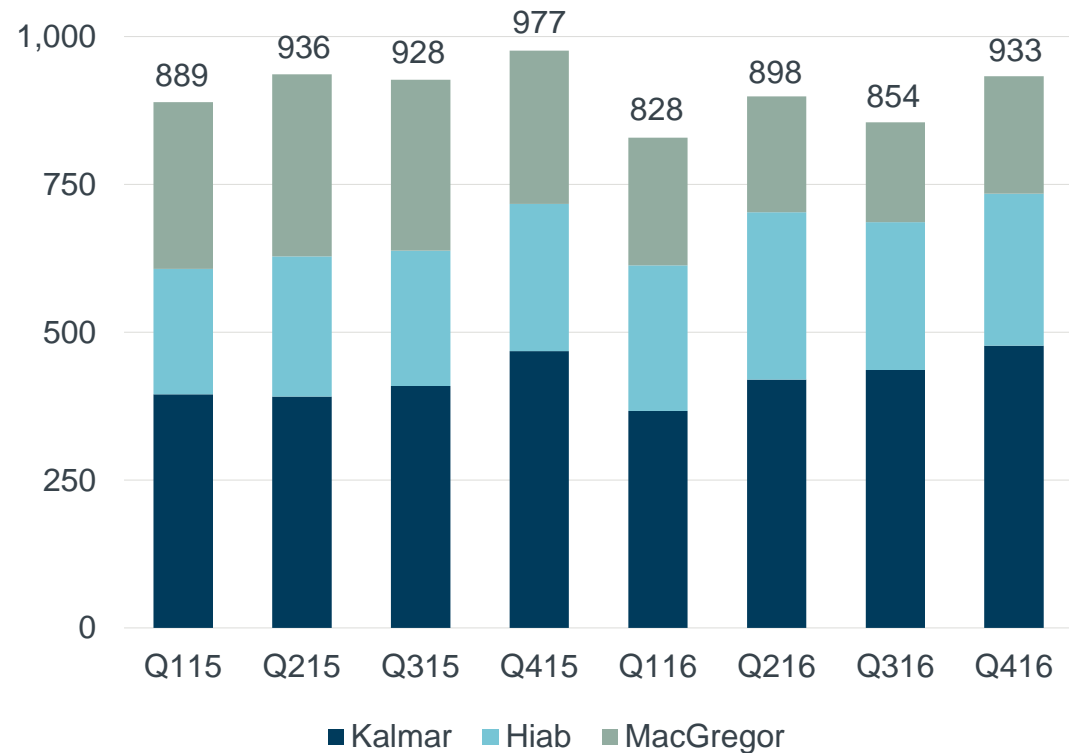
Order book by reporting segments, Q4 2016



Good development in Kalmar and Hiab operating profit

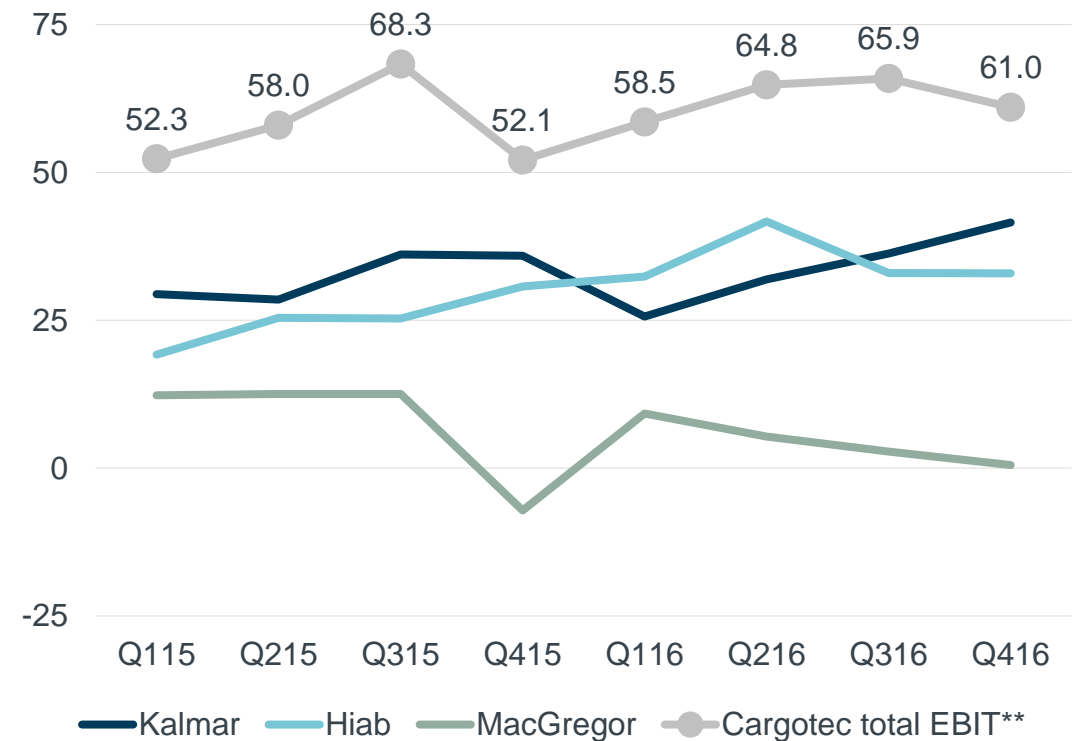
Sales

MEUR



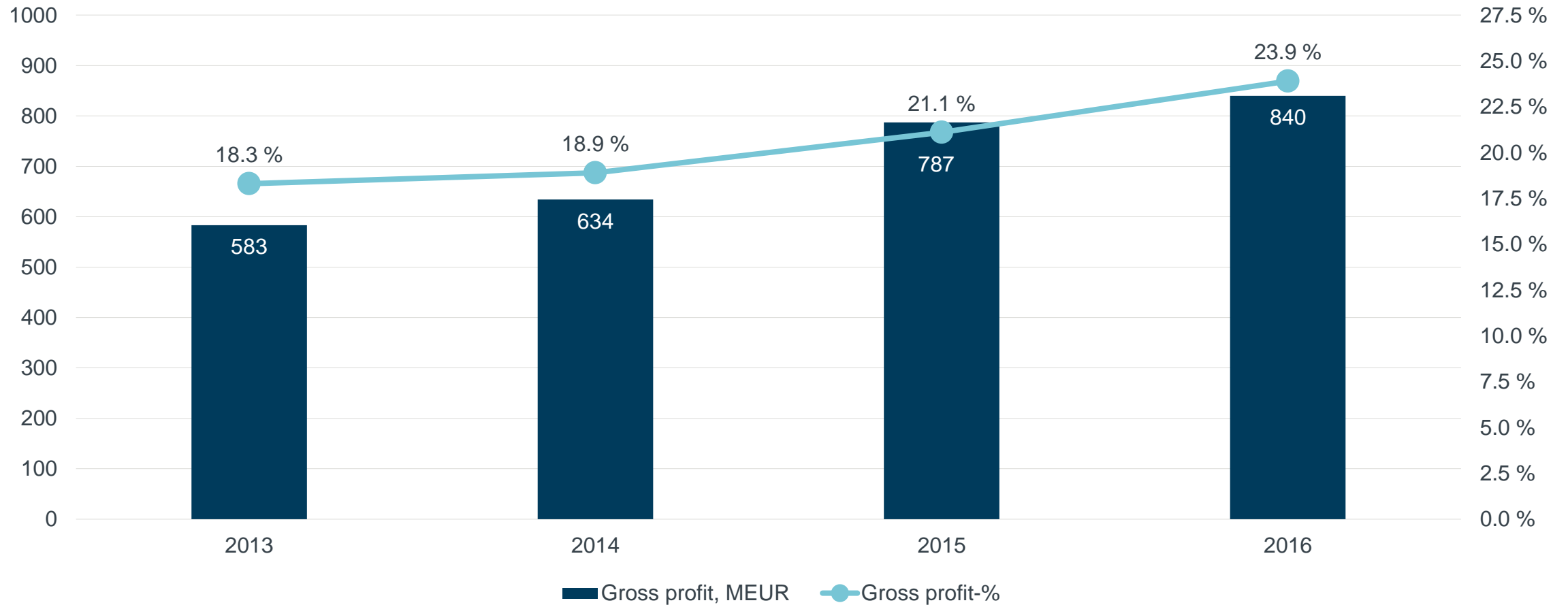
Operating profit*

MEUR



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

Gross profit improvement driven by new products

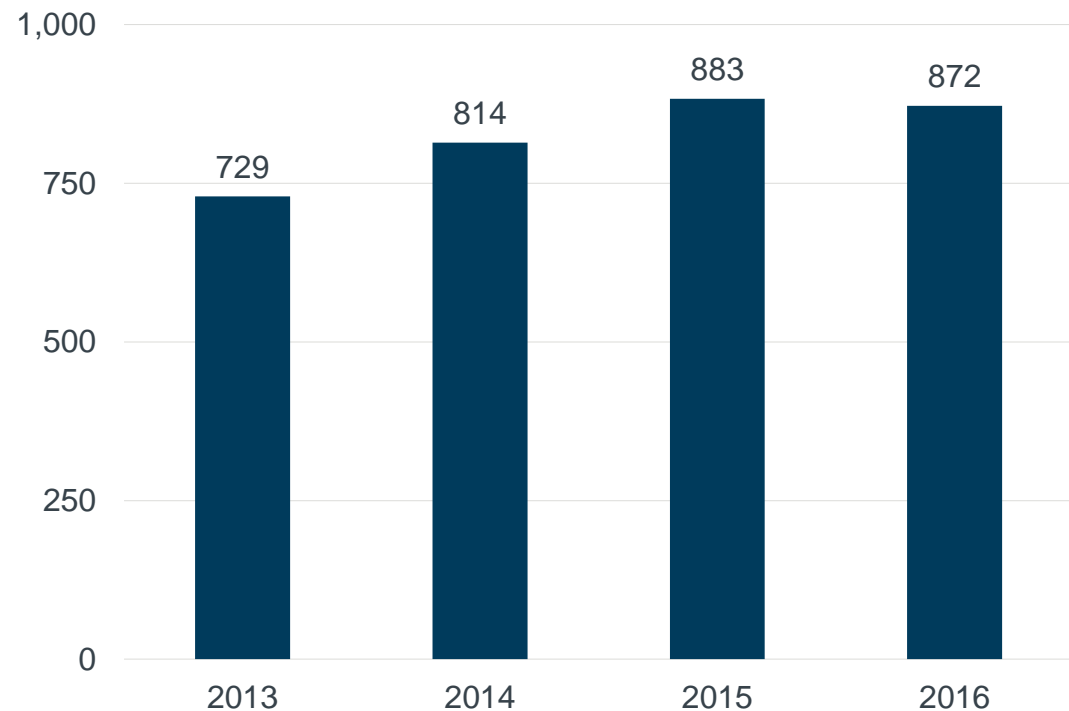


Increasing focus on services potential

Good progress in Hiab, Kalmar improved towards year-end, weak market situation in MacGregor

Sales of services

MEUR



Key actions for growth:

- Improve sales process
 - Improved visibility on customer potential and tools to capitalise the potential
- Digitalisation and connectivity:
 - Online services and e-commerce solutions
 - Over 1,200 new equipment connected in 2016
- Service agreements for new equipment
- New distribution centers improving availability
- Improved dealer management
- Dedicated services program established in Kalmar



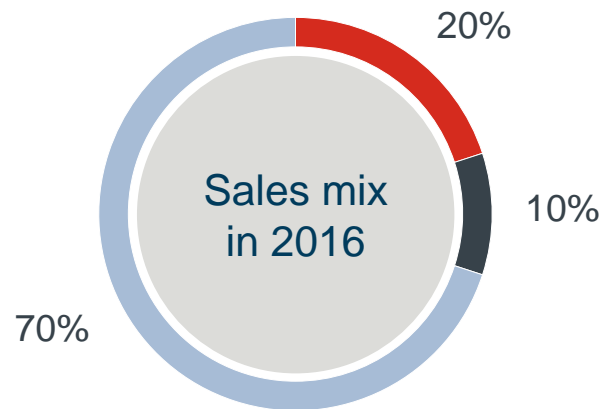
Business areas

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Kalmar Q4 – Strong quarter

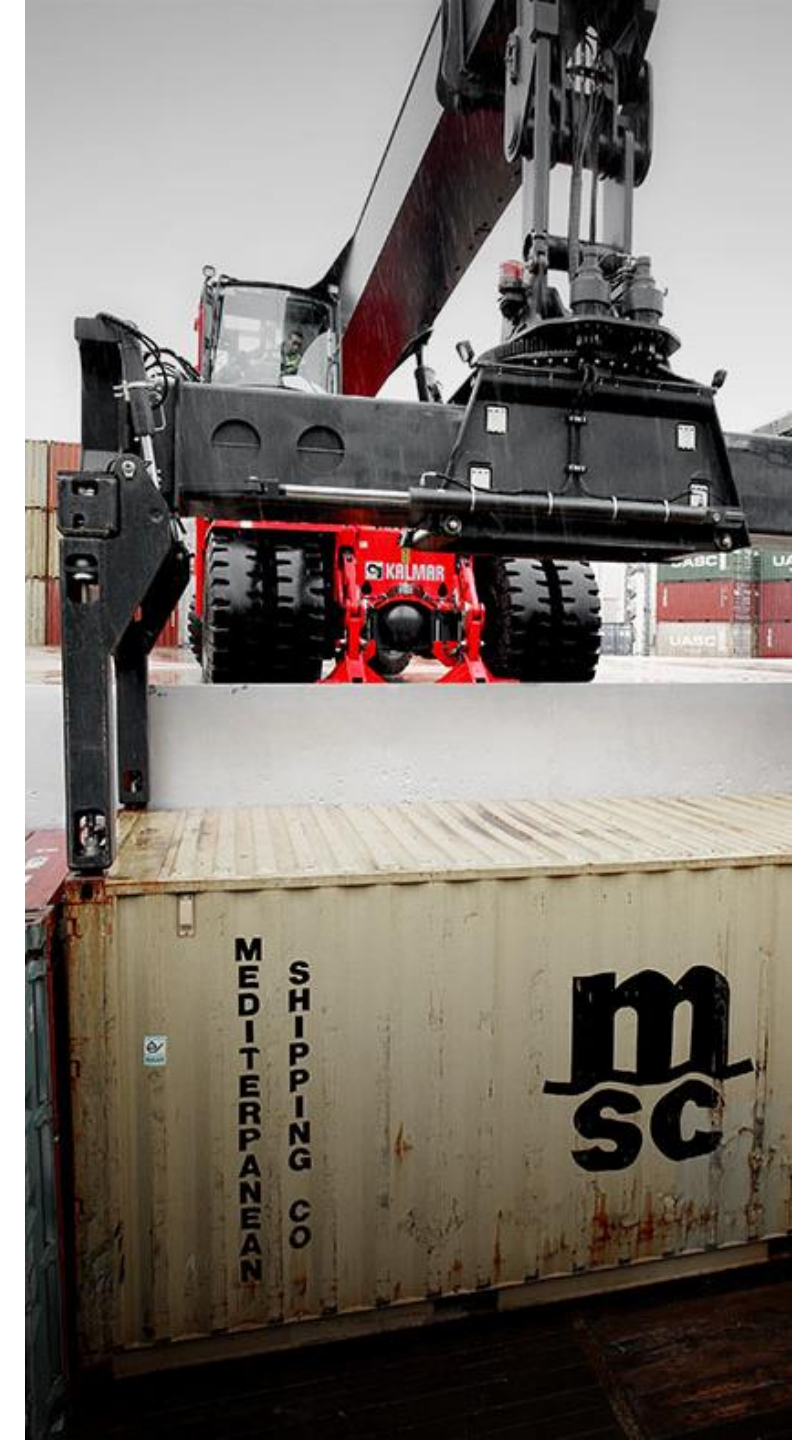
- Orders received increased in EMEA
 - Growth in Automation and Projects, software and services orders received
- Order book at last year's level
- Service sales increased 6%, software sales growing
- Profitability improved in Automation and Projects, software and services

MEUR	Q416	Q415	Change
Orders received	440	395	+11%
Order book	900	877	+3%
Sales	477	468	+2%
Operating profit*	41.5	35.9	+16%
Operating profit margin*	8.7%	7.7 %	



- Automation and Projects
- Software
- Equipment and Service

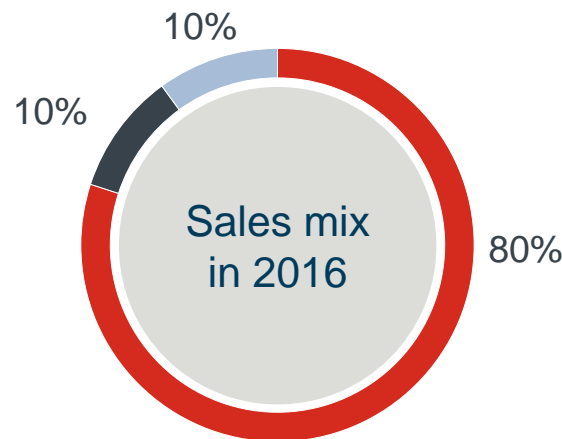
*) Excluding restructuring costs



Hiab Q4 – New product launches driving orders

- Good growth in EMEA and APAC
 - Orders driven by new products: 54 new products introduced in 2016
- Sales grew in loader cranes and demountables
- Several additional costs impacted profitability
 - Around 1.5 percentage point impact on operating profit margin*

MEUR	Q416	Q415	Change
Orders received	282	250	+13%
Order book	286	305	-6%
Sales	257	249	+3%
Operating profit*	32.9	30.7	+7%
Operating profit margin*	12.8%	12.3%	



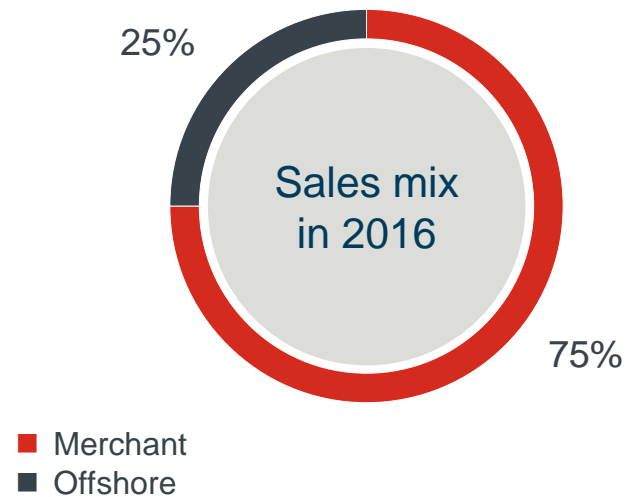
- Commercial
- Large customers
- Military



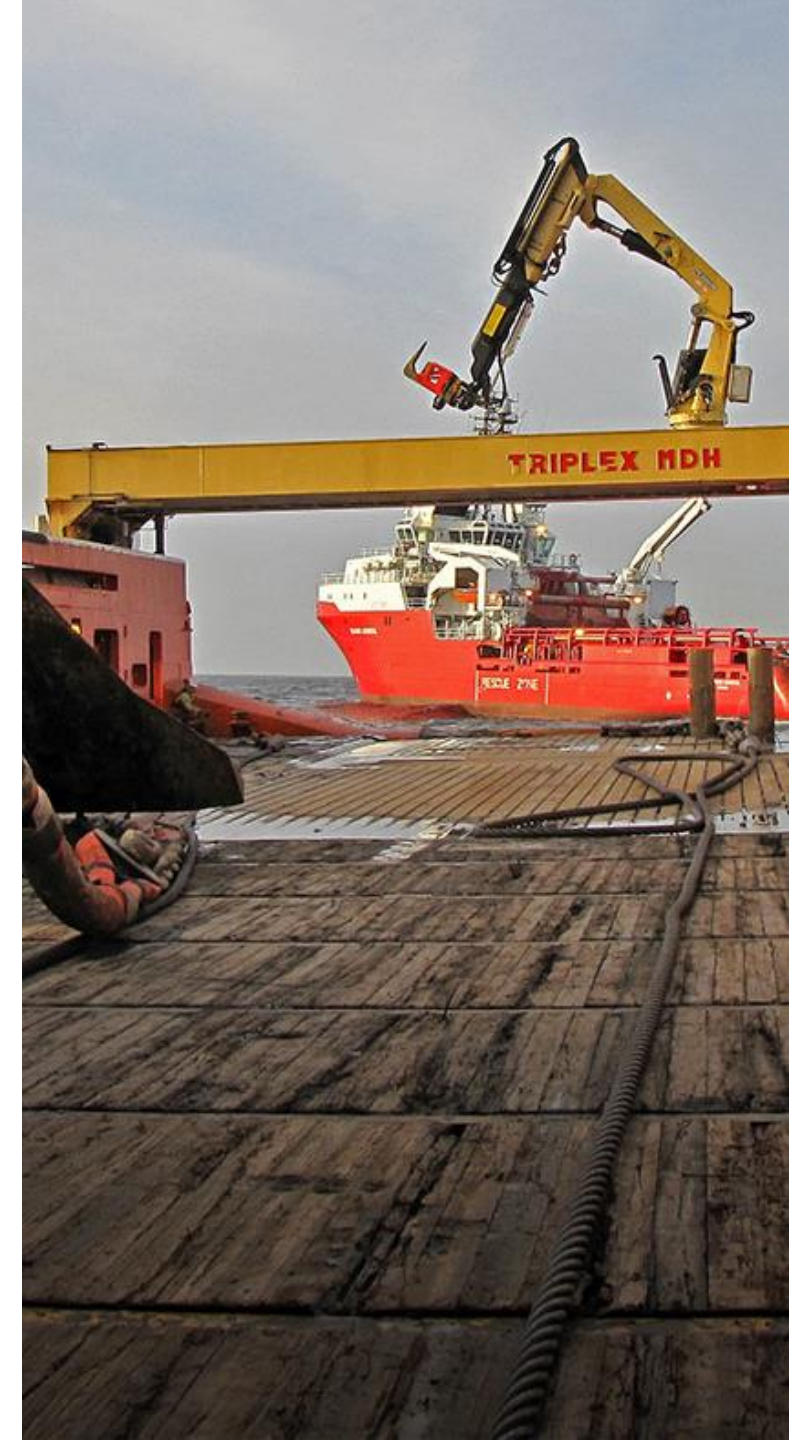
MacGregor Q4 – Difficult market

- Orders received decreased in all regions and major divisions
 - Challenging market situation visible in orders received
- Good sales growth in RoRo, other divisions declined
- Operating profit positive due to cost savings

MEUR	Q416	Q415	Change
Orders received	100	180	-44%
Order book	598	883	-32%
Sales	199	259	-23%
Operating profit*	0.5	-7.2	
Operating profit margin*	0.3%	-2.8 %	



*) Excluding restructuring costs



Cost savings programmes proceeding

Announced savings actions and timing

- 2017 EUR 25 million (MacGregor)
- 2017 EUR 2 million (INTERSCHALT)
- Further EUR 13 million in 2018 (Kalmar)
- Product redesign and project management development continues in 2017

We will investigate various possibilities to increase our operational efficiency



Financials

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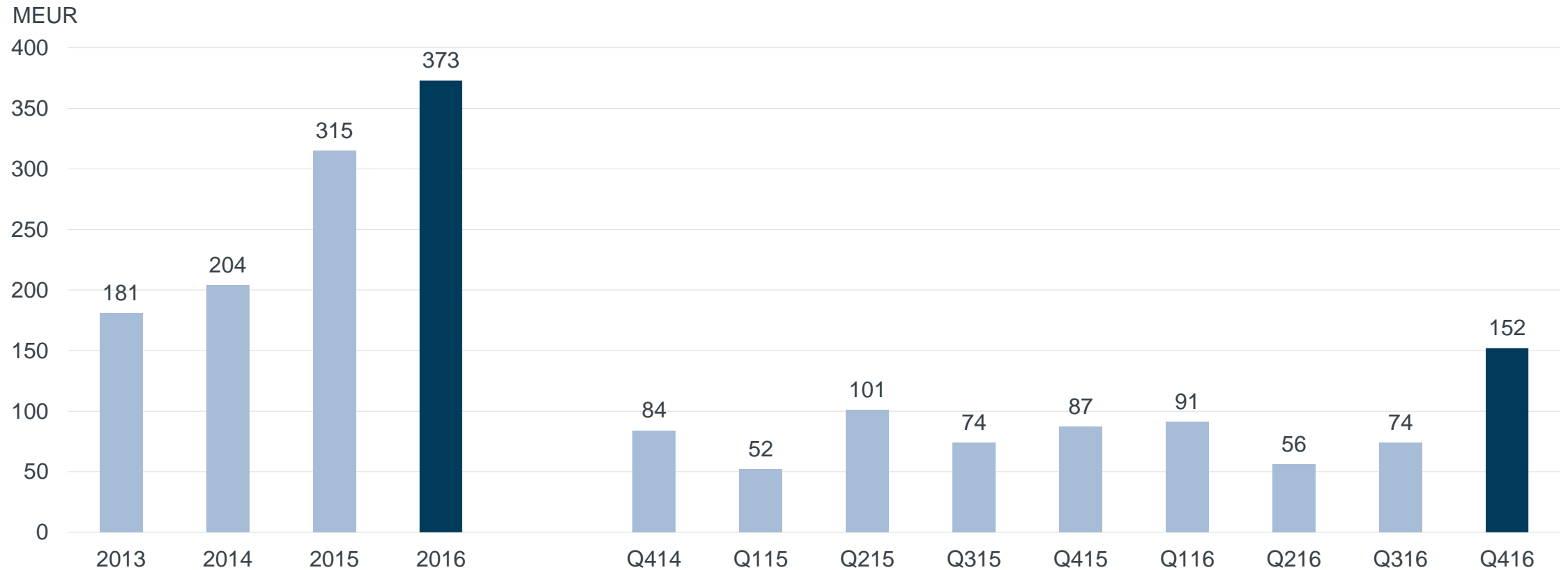
Key figures

Operating profit margin continued to improve

	10–12/16	10–12/15	Change	1–12/16	1–12/15	Change
Orders received, MEUR	822	824	-0.3%	3,283	3,557	-7.7%
Order book, MEUR	1,783	2,064	-13.6%	1,783	2,064	-13.6 %
Sales, MEUR	933	977	-4.5%	3,514	3,729	-5.8 %
Operating profit, MEUR*	61.0	52.1	+16.9%	250.2	230.7	+8.4 %
Operating profit, %*	6.5	5.3		7.1	6.2	
Cash flow from operations, MEUR	152.0	87.3		373.0	314.6	
Interest-bearing net debt, MEUR	503	622		503	622	
Earnings per share, EUR	0.20	0.55		1.95	2.21	

*) Excluding restructuring costs

Cash flow from operations strong



Balance sheet strengthening

Net debt EUR 503 million (622)

- Average interest rate 2.3%
- Net debt/EBITDA 1.8

Total equity EUR 1,395 million (1,339)

- Equity/total assets 39.1% (39.8%)

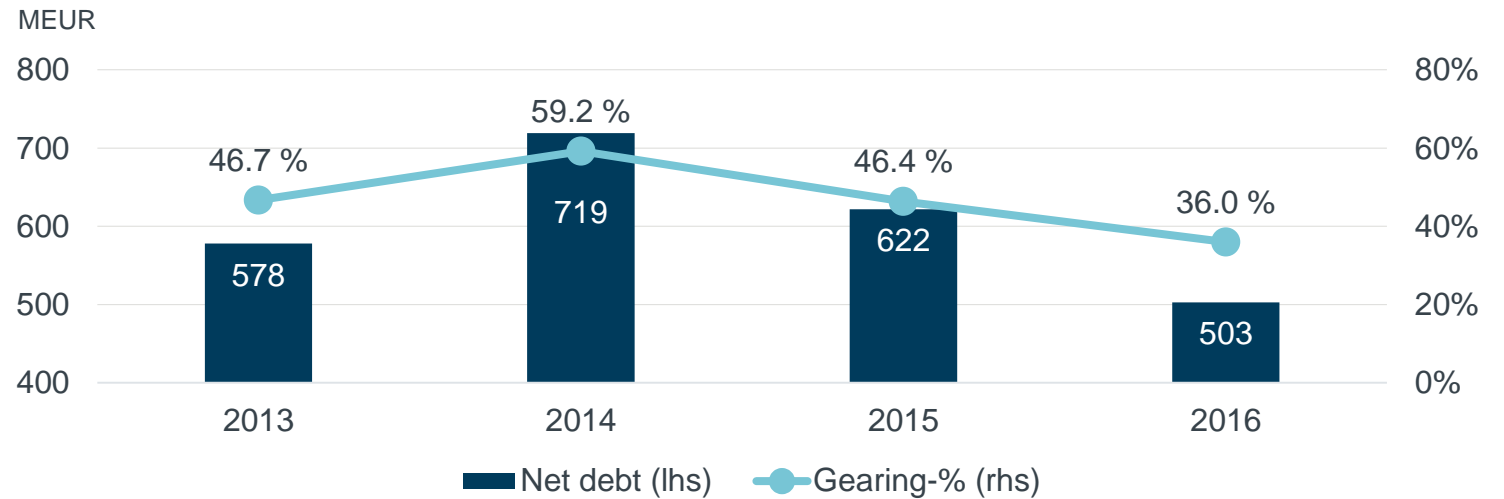
Well diversified loan portfolio:

- Bonds EUR 304 million
- Bank loans EUR 425 million
- Other EUR 41 million
- Undrawn facilities EUR 300 million

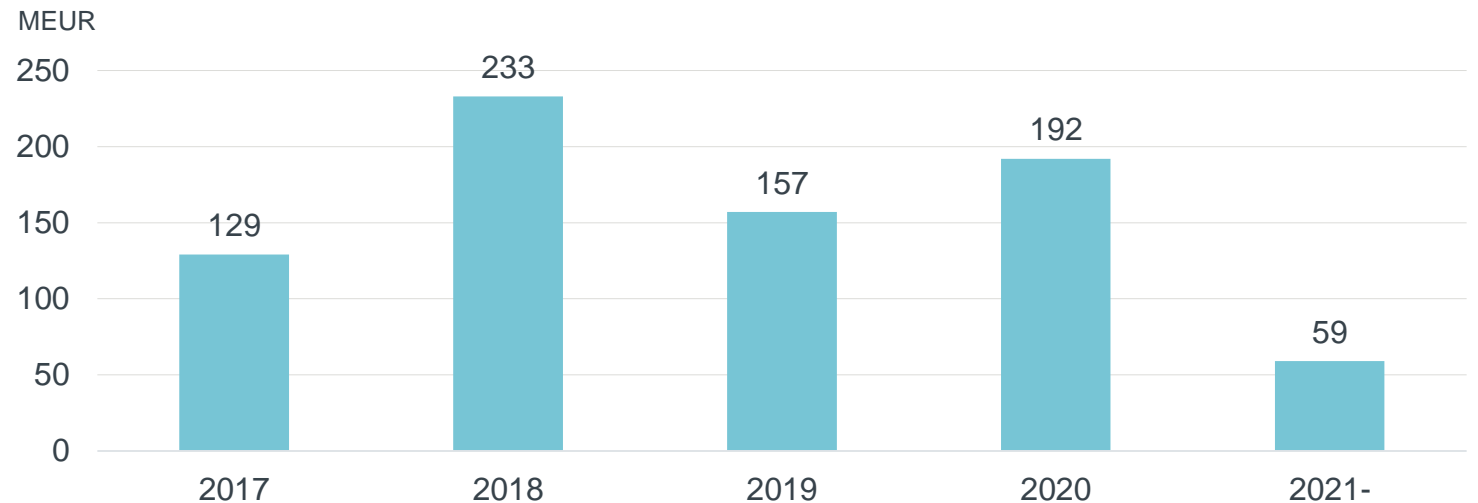
Balanced maturity profile

- EUR 129 million loans maturing in 2017

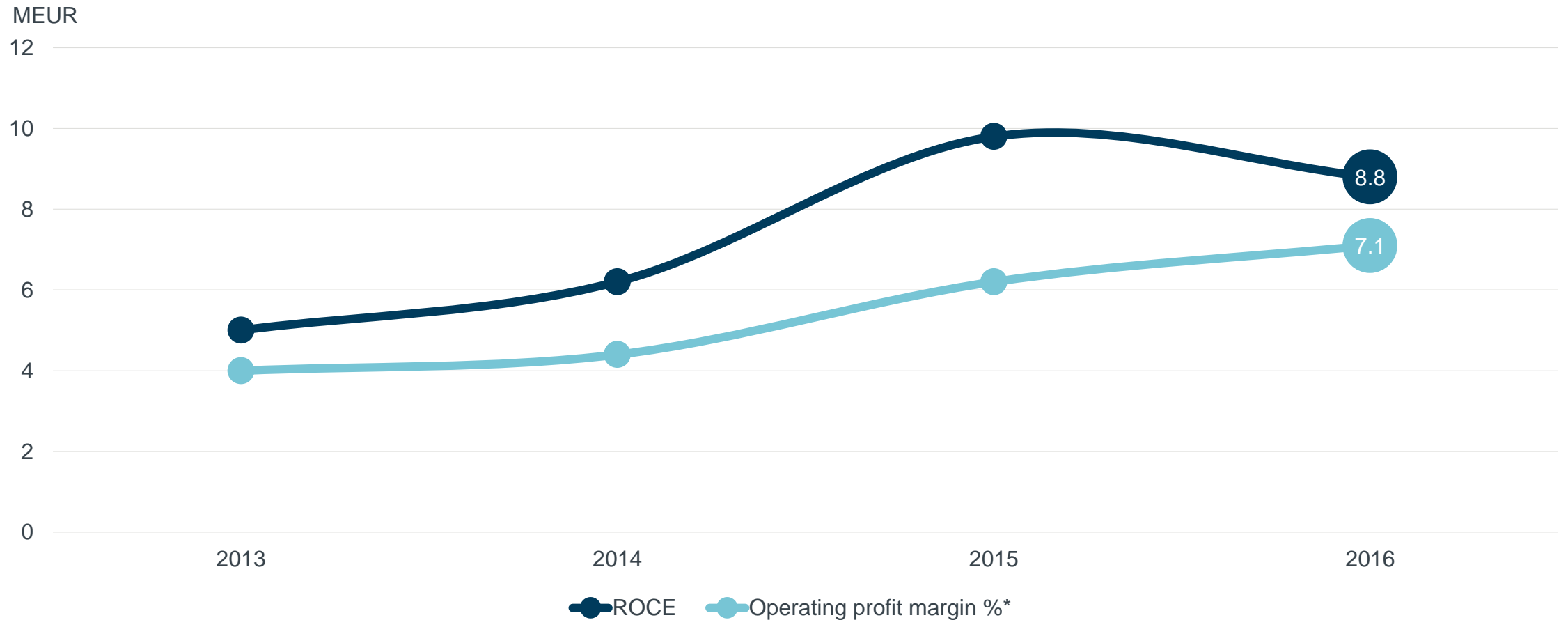
Net debt and gearing



Maturity profile



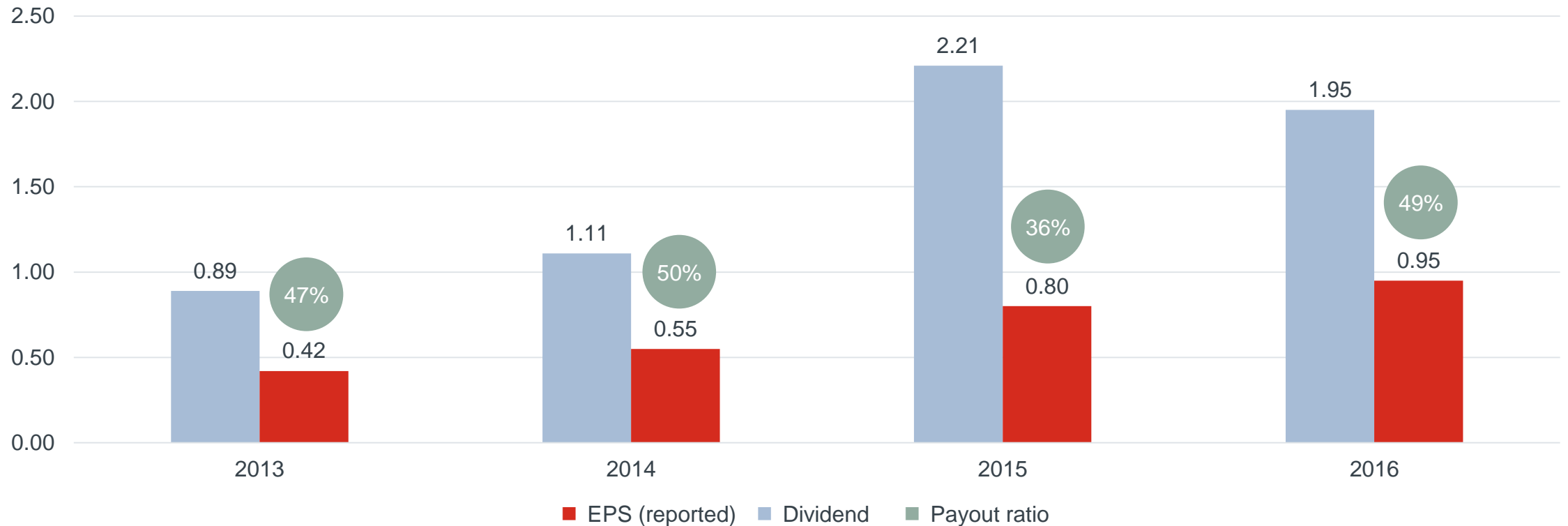
Operating profit* margin improved, ROCE impacted by restructuring costs



ROCE, annualised *) Excluding restructuring costs

Solid track record to increase the dividend

Board proposal EUR 0.95 dividend per B share for 2016



*) Dividend proposal by the Board of Directors



Strategy and outlook

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Strategy progressed well in 2016

Digitalisation

- IoT cloud platform successfully built
- Good progress in equipment connectivity
- Navis offering complemented by INTERSCHALT acquisition
- XVELA collaboration platform in commercial pilot

Services

- Spare parts: Focus on branding, logistics, pricing and launching new products
- Services operation development
- Good progress in Hiab

Leadership

- Aim to establish more uniform performance-based leadership culture
- Over 200 key leaders engaged to leadership transformation
- Good progress in employee engagement

Key strategy focus areas in 2017

Service, leadership and digitalisation continue to be focus areas in all business areas

KALMAR

- Service growth
- Win in automation through proven solutions
- Grow in software through new offering
- Transfer of assembly operations from Sweden to Poland

HIAB

- Service growth
- Expand positions in core and emerging markets as well as product segments
- Continue renewing equipment offering
- Expanding digitalised business solutions
- Operational efficiency

MACGREGOR

- Service growth
- Continue focus on operational efficiency
- Enhance customer centricity
- Continue investments in digitalisation

2017 outlook

Operating profit excluding restructuring costs for 2017 is expected to improve from 2016 (EUR 250.2 million)

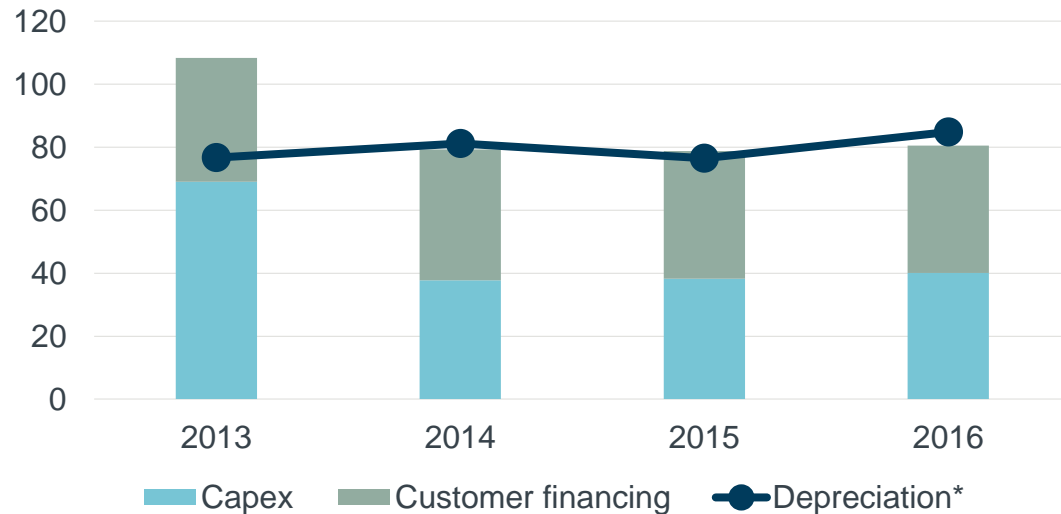


Appendix

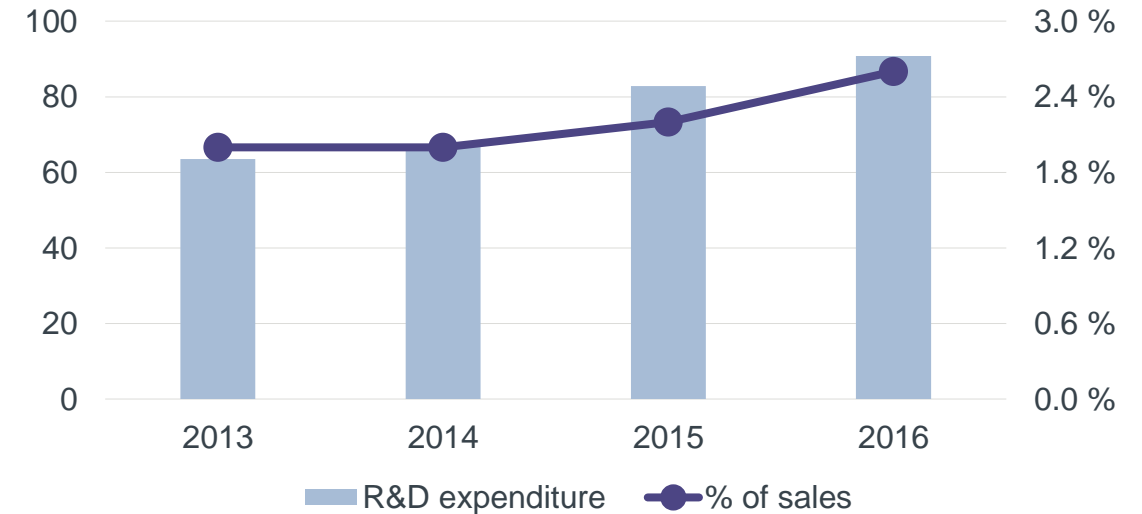
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Capex and R&D

Capital expenditure



Research and development



Main capex investments:

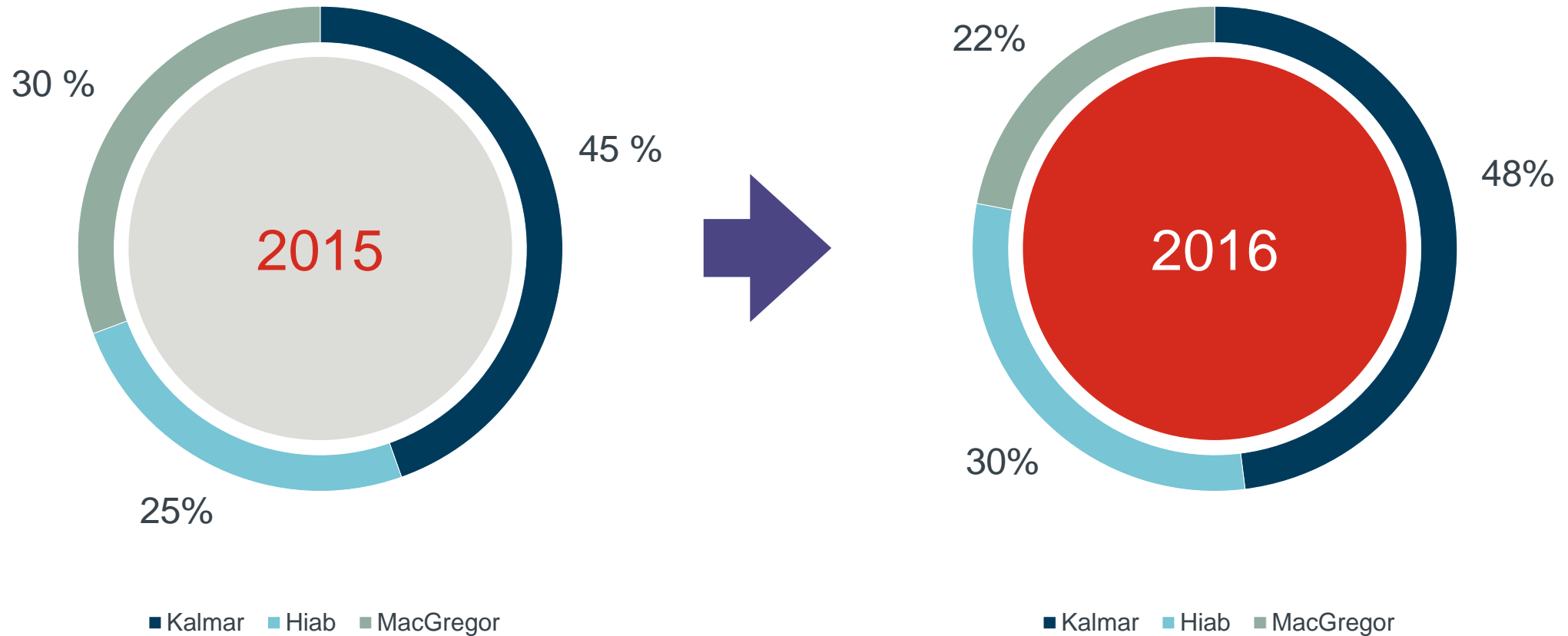
- Kalmar assembly unit in Stargard, Poland
- Manufacturing plant expansion in Kansas, US for Kalmar

R&D investments focused on

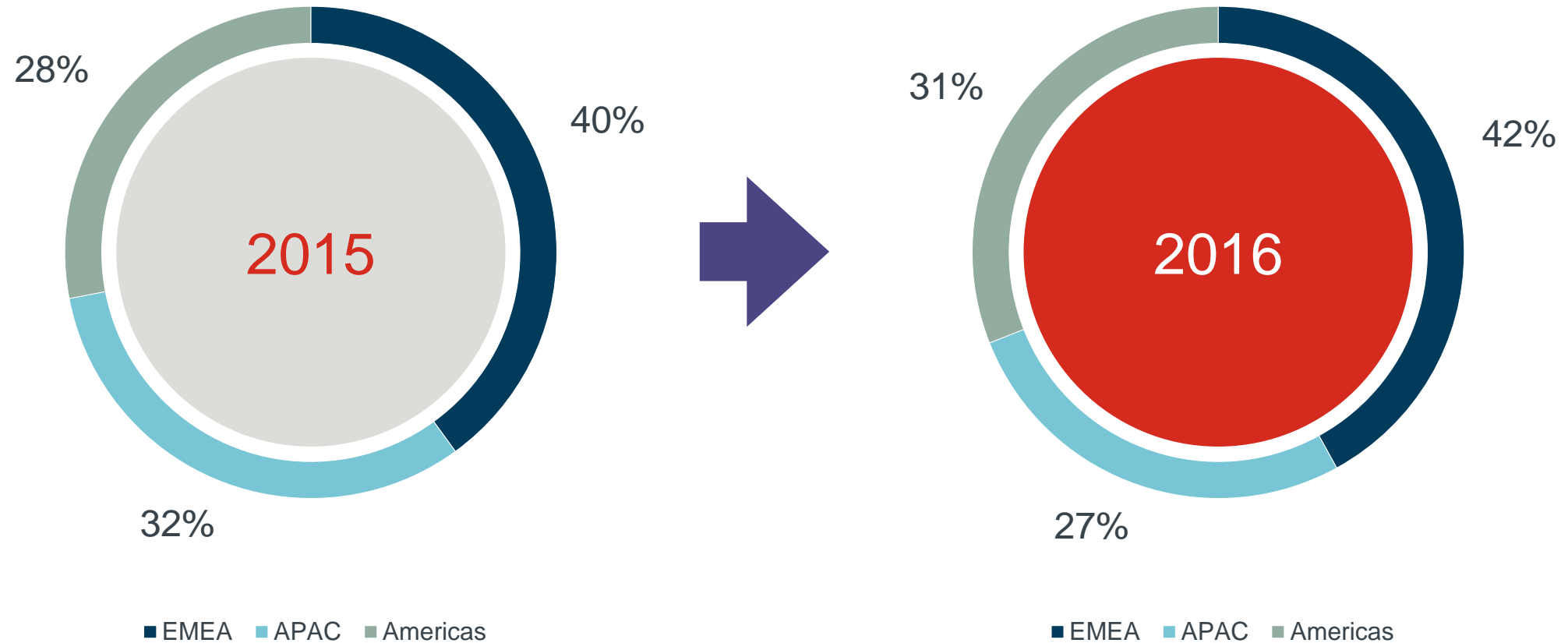
- Digitalisation
- Competitiveness and cost efficiency of products

*) Including amortisations and impairments

Hiab's share increasing in sales mix



Well diversified geographical sales mix



Sales by geographical segment by business area 2016

