





# London road show – 16 March 2016

President and CEO Mika Vehviläinen

# Cargotec in brief



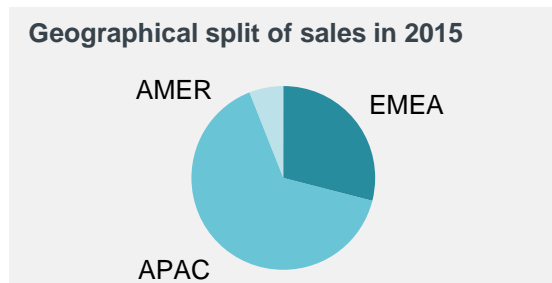
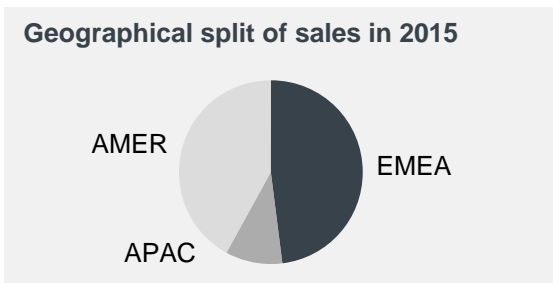
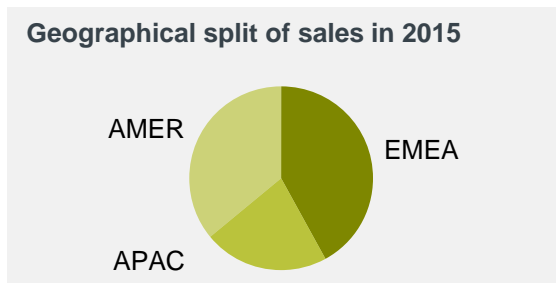
# Today's leader in cargo handling equipment

**Cargotec Group**  
 Sales: **EUR 3,729 million**  
 EBIT: **6.2%**  
 Services: **24%**

**Kalmar**  
 45% of sales  
 EBIT: **7.8%**  
 Services: **26%**

**Hiab**  
 25% of sales  
 EBIT: **10.8%**  
 Services: **23%**

**MacGregor**  
 30% of sales  
 EBIT: **2.6%**  
 Services: **20%**



Figures: 2015  
 EBIT % excluding restructuring costs

# Key competitors

## MacGregor



SHIP'S EQUIPMENT CENTRE GRONINGEN B.V.



ROBERT ROCK BRUNN



Rolls-Royce



LIEBHERR

## Kalmar



KONECRANES®  
Lifting Businesses™



LIEBHERR

ABB

## Hiab



Manufacturer of truck mounted forklifts

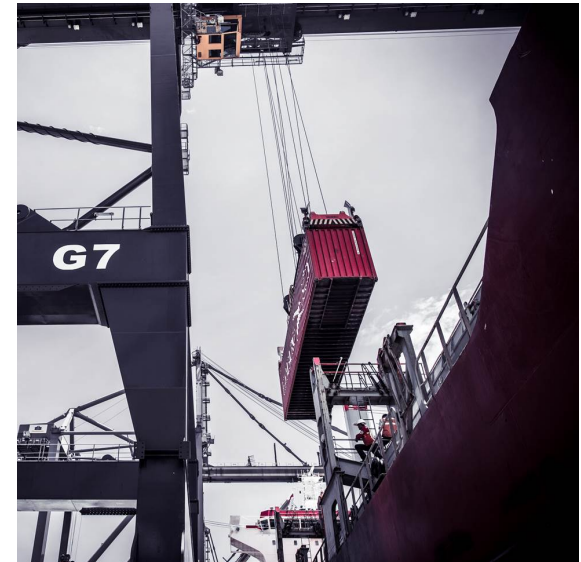
# From turnaround to leader in intelligent cargo handling with sector leading profitability

Turnaround is delivering results in Hiab and Kalmar; MacGregor has improvement plan in place

Transformation has started from equipment business to world class services offering and leadership in intelligent cargo handling

Investing to ensure a leading position

Shaping the portfolio to increase shareholder value



→ 10%

operating profit margin (EBIT) in each business area over the cycle

# Investing in our transformation to be the leader in intelligent cargo handling

**2013**

## **PRODUCT LEADERSHIP**

**Good equipment company**

Product R&D drives offering development

**2018**

## **SERVICES LEADERSHIP**

**World-class service offering**

Connected equipment and data analytics building value on data

Significant software business



**2020**

## **LEADER IN INTELLIGENT CARGO HANDLING**

**40% of the sales from services and software**

More efficient and optimised cargo handling solutions



# Must-win battles to support transformation



Build world-class services offering



Lead digitalisation



Build world-class leadership



# Committed to improve shareholder return

Business  
area  
targets

Operating profit margin (EBIT)  
in each business area over the cycle

**10%**

Growth  
Faster than  
market growth



Group  
targets

Gearing

**<50%**


Return on capital  
employed over the  
cycle (ROCE pre-tax)

**15%**

Dividend

**30-50%**

of earnings  
per share



# Well positioned to become the leader in intelligent cargo handling

Execution capabilities in place and  
profitability improving

Building on tremendous strengths

Transforming from equipment company  
to a company that will shape the cargo  
handling industry

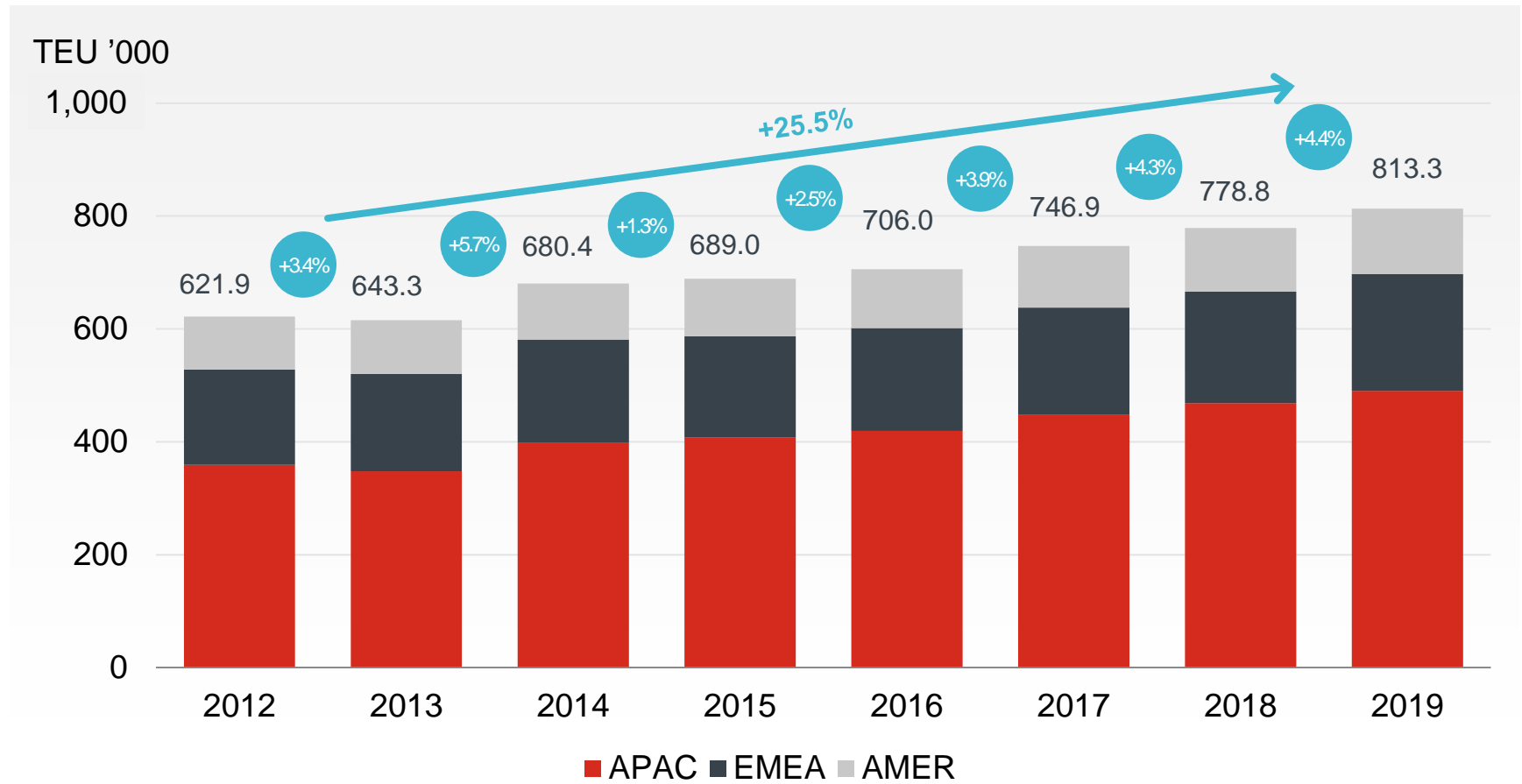
Investing to ensure a leading position

Shaping our portfolio to drive growth and  
shareholder value

**Kalmar**



# Container throughput forecasted to grow year on year



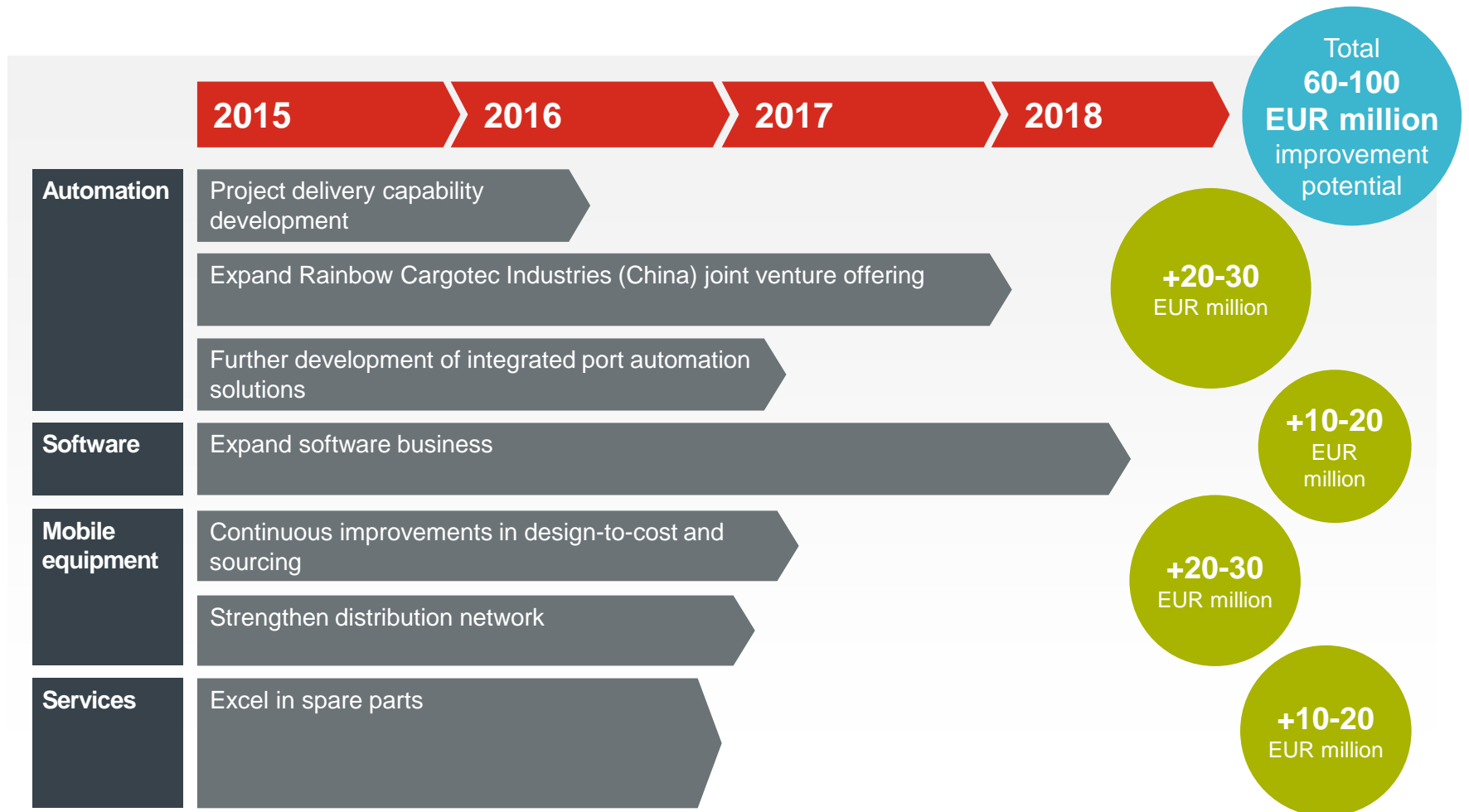
Source: Drewry: Global Container Terminal Operators Annual Report 2015; Drewry Container forecaster Q4 2015

# Kalmar has strong position in attractive segments

Over 80% of Kalmar business is in ports and terminals

	Market position	Trend	Market size
 Automation & Projects	#1-2	→	EUR 7.5 billion
 Mobile equipment	#1	→	
 Bromma	#1	↗	
 Navis	#1	↗	
 Services	#1	↗	EUR 7.6 billion

# Kalmar's profit improvement potential 2016-2018



# Kalmar's focus on profitable growth

Solid foundation for further improvement

Win in automation

Grow in software

Sustain global leadership in mobile equipment

Digital services and spare parts excellence



→ **10%**

operating profit margin  
(EBIT) over the cycle

Hiab

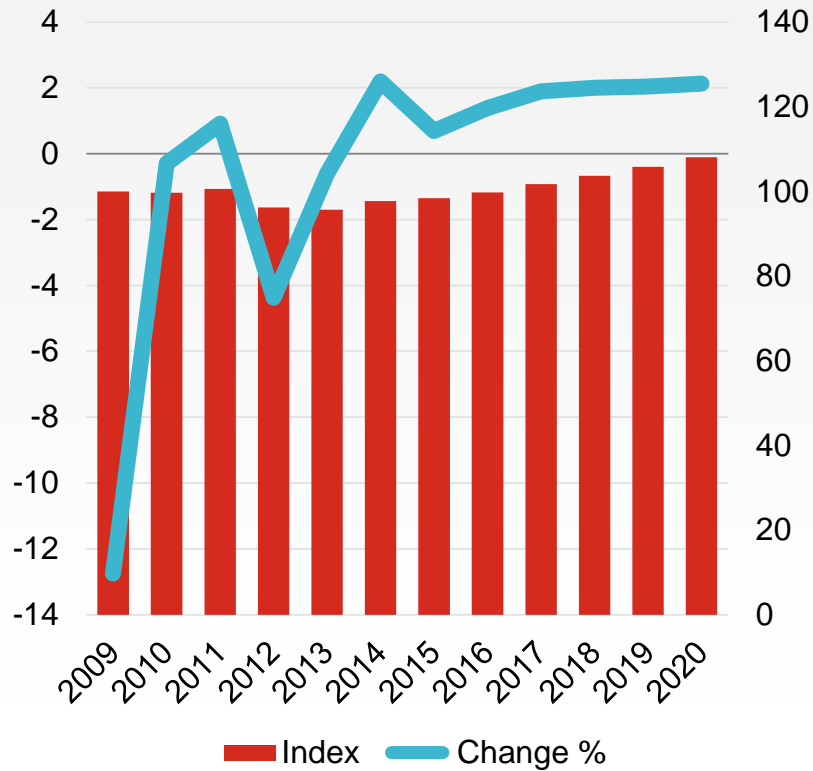




# Construction output driving growth opportunity

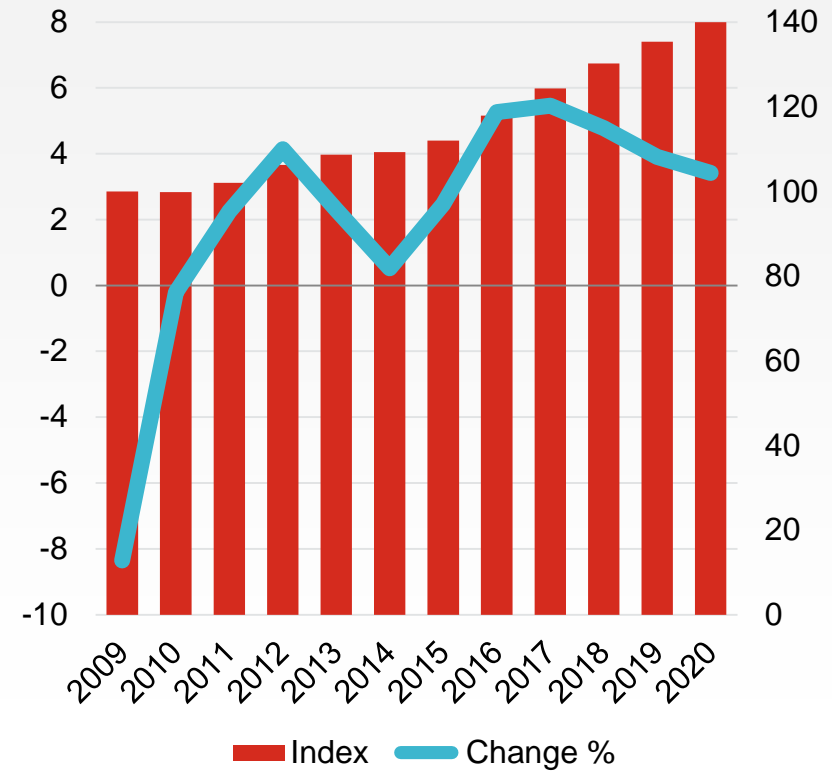
## EMEA construction output

y/y change (%)








## AMER construction output

y/y change (%)



Source: Oxford Economics: Industry output forecast 1/2016

# Hiab has strong positions in attractive markets

	Market size (€B)	Growth	Hiab position & trend
 Loader cranes	1.3	GDP →	#2 →
 Tail lifts	0.5	GDP+ ↗	#1 ↗
 Demountables	0.4	GDP →	#1 →
 Truck-mounted forklifts	0.2	GDP+ ↗	#1 ↗
 Forestry cranes	0.2	GDP →	#2 →

# Hiab's key growth drivers are:



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

# Hiab's investments for profitable growth

E2E value chain – optimise our distribution network and supply chain

Product innovation – strengthening our market positions

Digitalisation – all new products connected by 2018

Services – further expand our offering



→ **10%**

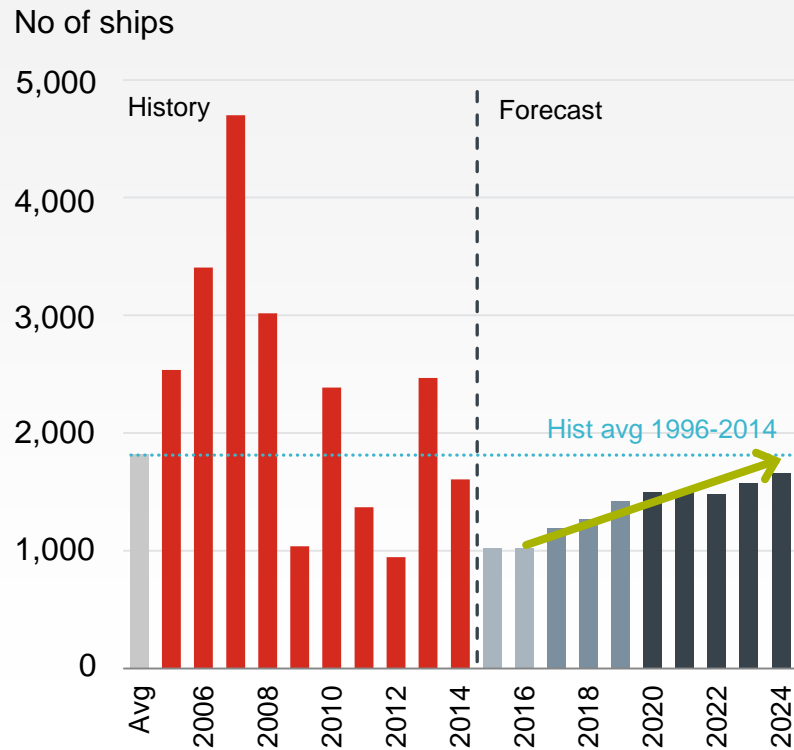
operating profit margin  
(EBIT) over the cycle

# MacGregor

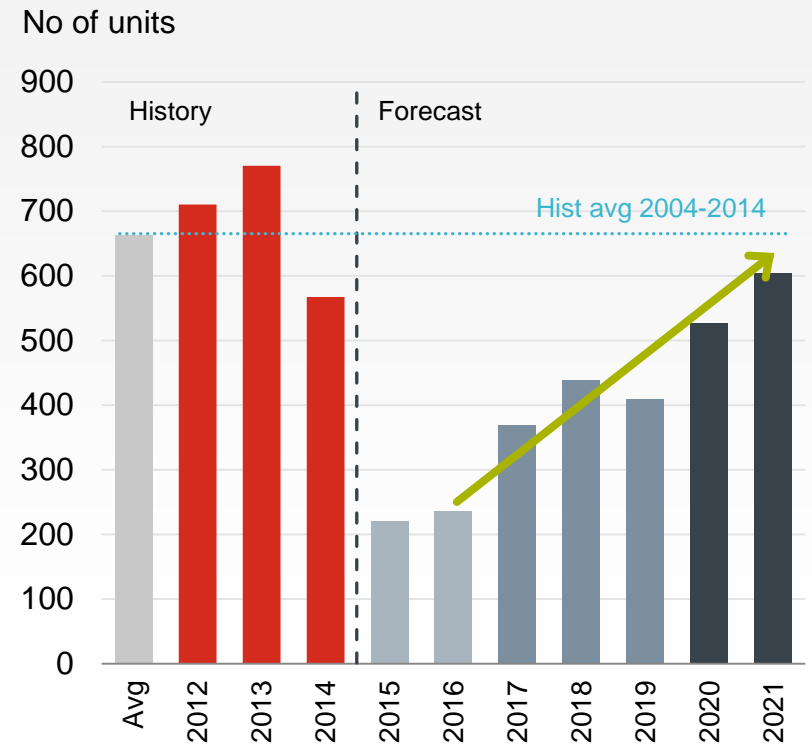


# Merchant shipping and offshore markets currently challenging

Long-term contracting 2005–2024  
Merchant ships > 2,000 gt





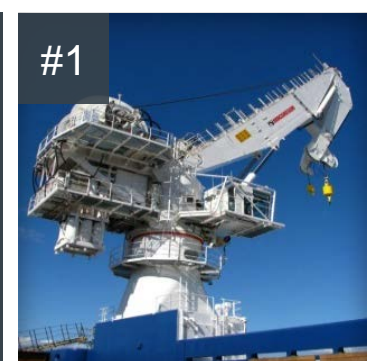

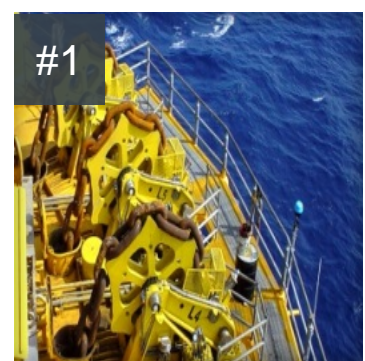



Long-term contracting 2012–2021  
Mobile offshore units



Sources: UNCTAD, Clarkson Research

# MacGregor has strong positions in both the marine and offshore market

<b>Marine</b>	<b>#1</b> 	<b>#1-2</b> 	<b>#1</b> 	<b>#1</b> 
	Container lashing	Hatch covers	Cranes and selfunloaders	RoRo
<b>Offshore</b>	<b>#1</b> 	<b>#2</b> 	<b>#1</b> 	<b>#1</b> 
	Offshore advanced load handling	Offshore winches	Mooring systems	Loading and offloading systems

RoRo=roll-on/roll-off

# Cost reduction and cost control measures set in place in MacGregor in 2015

Reduction of over 300 employees

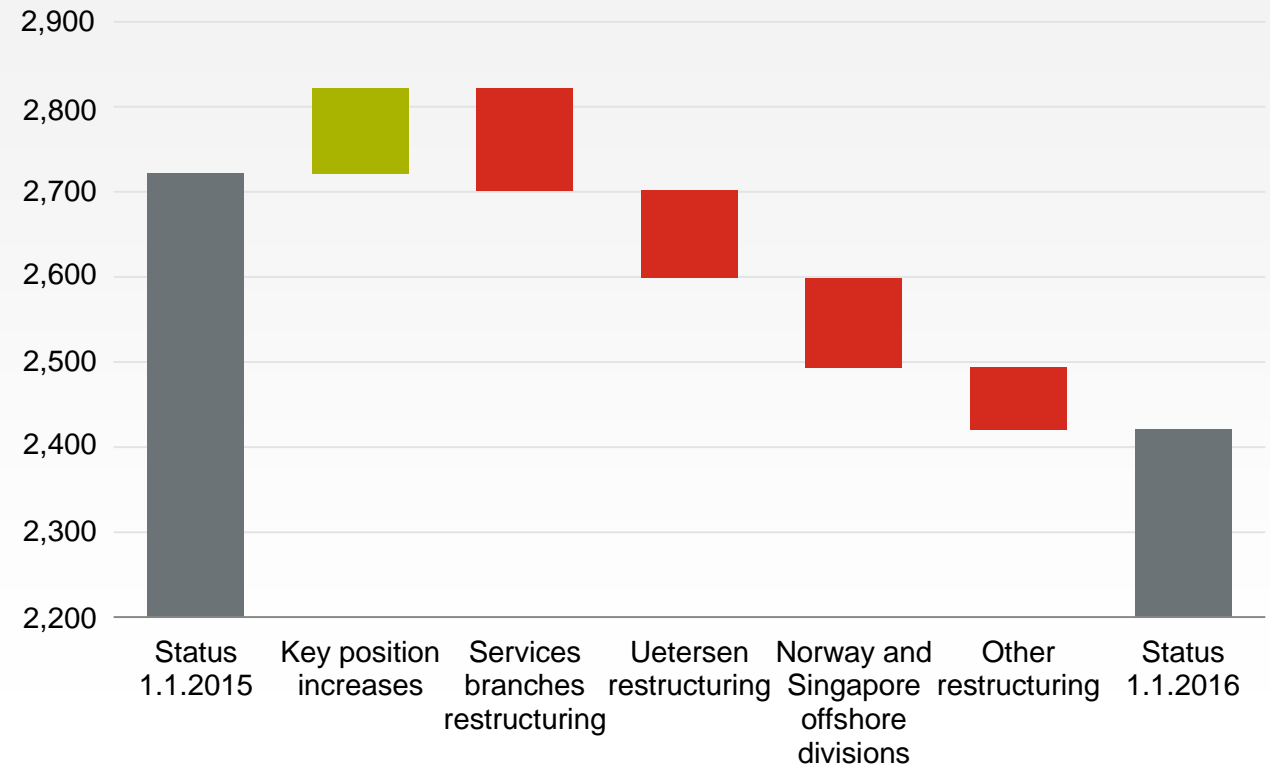
Organisational development

Targeted annual savings of EUR 27 million

**Measures taken in 2015 will have a full impact in 2016**

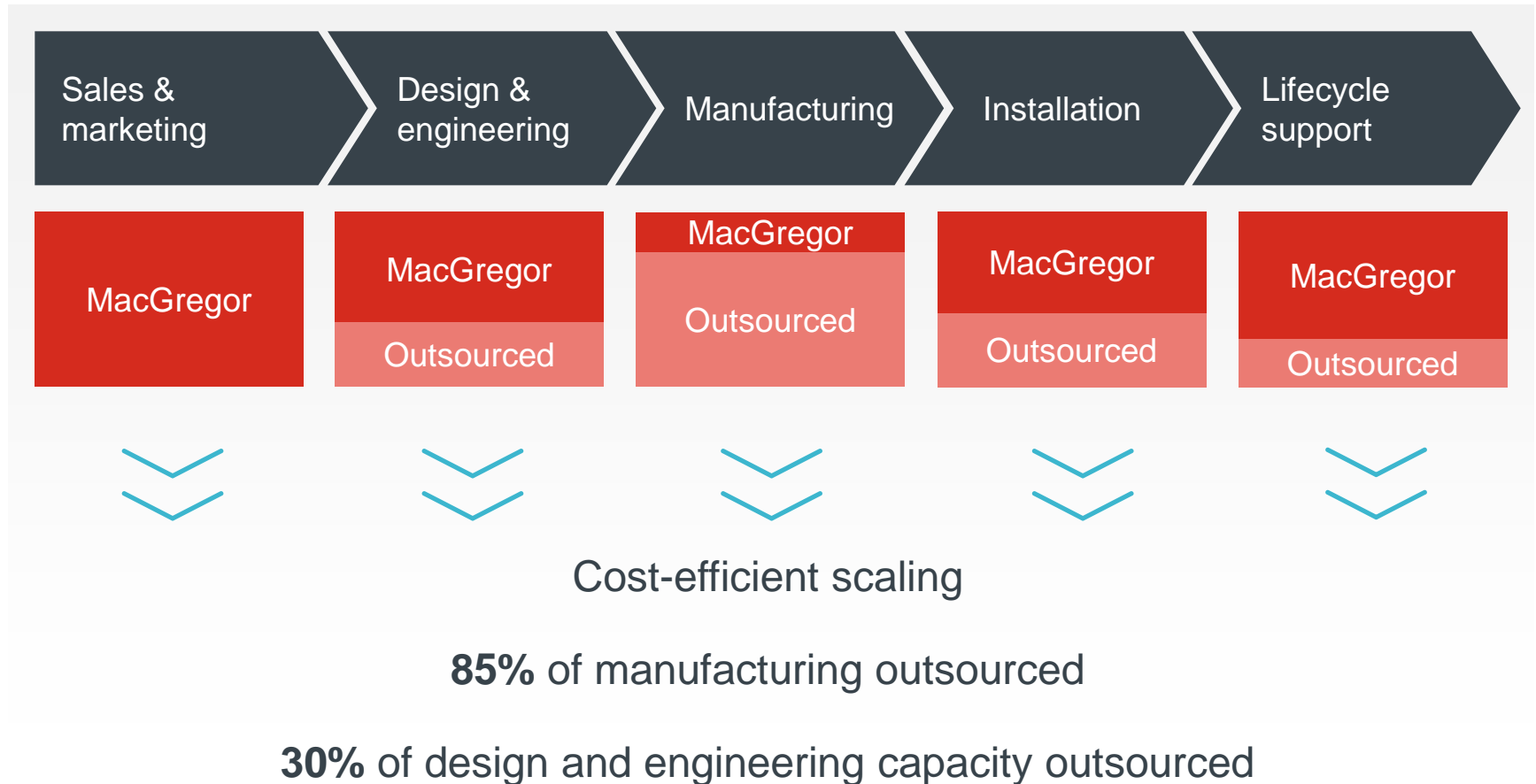
Headcount reduced by 11%

Internal headcount





# MacGregor's asset-light business model gives flexibility



# MacGregor is improving profitability

Improving profitability by cost reductions, product and project cost improvements, services development

- Cost reduction measures started in 2015 will result in targeted EUR 27 million annual savings
- Targeted savings of EUR 10 million from design-to-cost will materialise in 2016
- Share of services will exceed 25% of sales in 2016
- Asset-light model with 85% of manufacturing outsourced allows for cost-efficient scaling

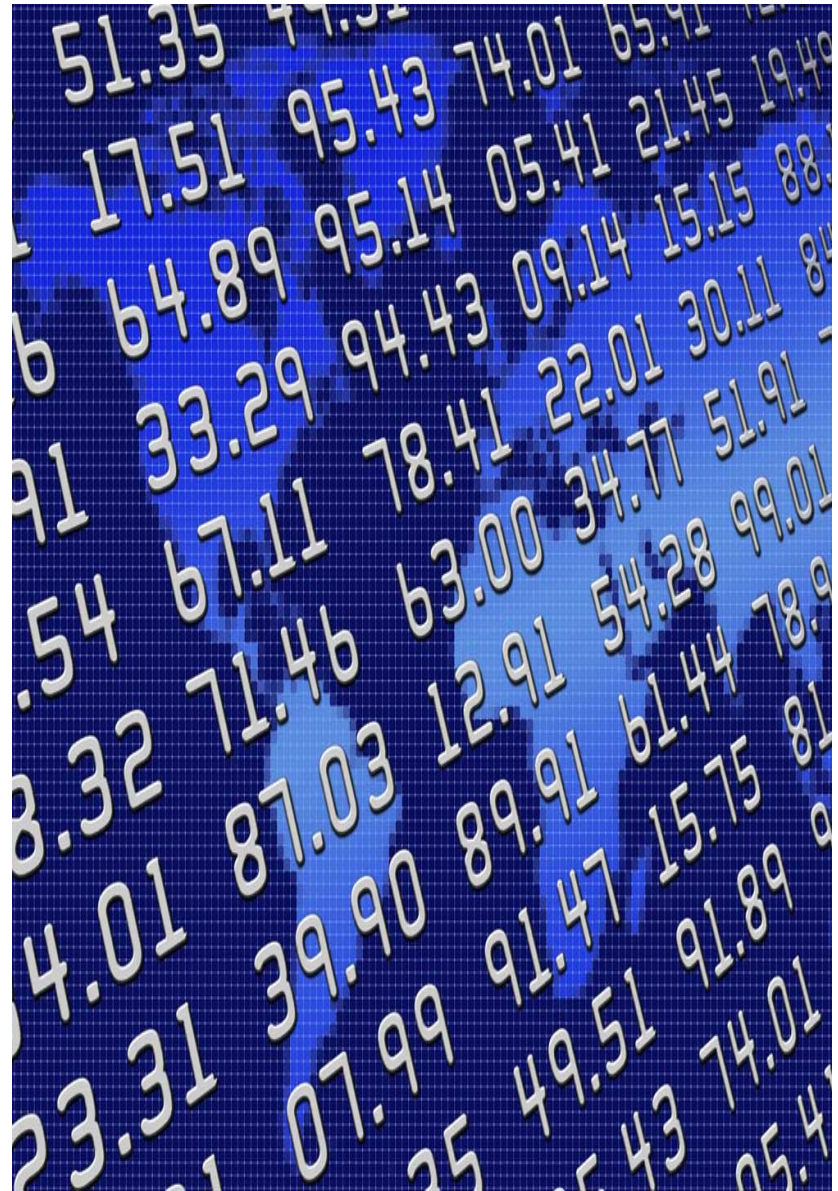
80% of orders for 2016 in backlog by the end of the year



→ 10%

operating profit margin  
(EBIT) over the cycle

# January– December financials



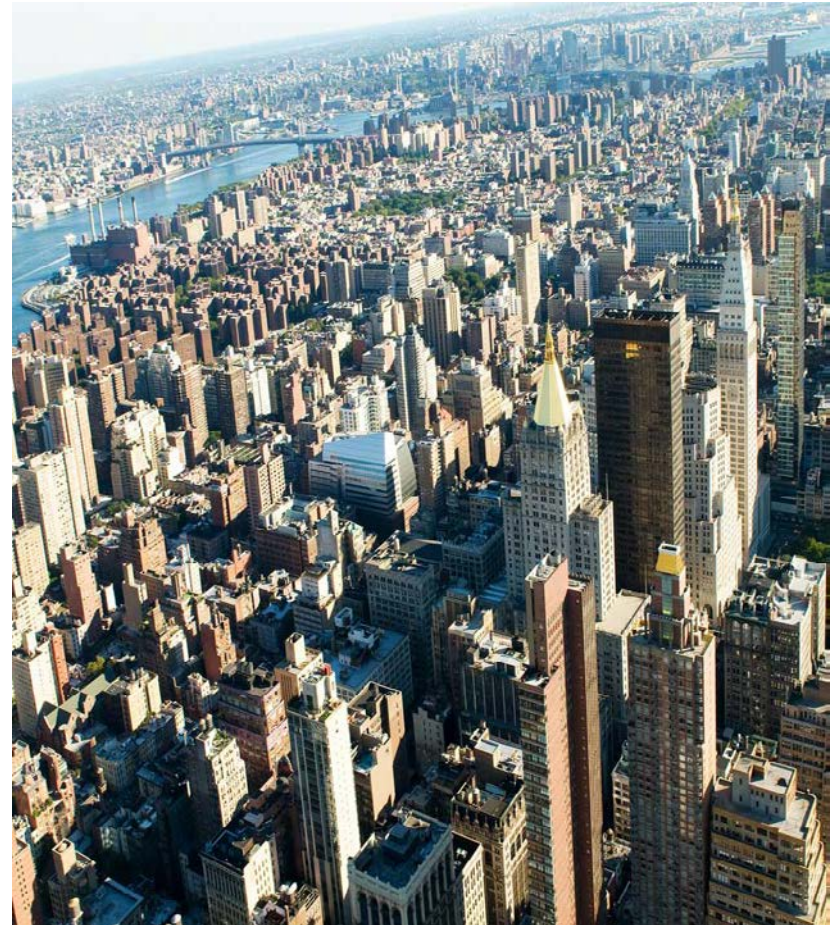
# Highlights of 2015

- Market situation for Kalmar and Hiab healthy, but challenging for MacGregor
- Earnings per share doubled to EUR 2.21 (1.11)
- Order book decreased to EUR 2,064 (2,200) million
- Sales grew 11% y-o-y- to EUR 3,729 (3,358) million
- Operating profit excluding restructuring costs was EUR 230.7 (149.3) million or 6.2 (4.4)% of sales
- Operating profit was EUR 213.1 (126.6) million
- Cash flow from operations strong at EUR 314.6 (204.3) million, gearing at 46.4%
- New strategy – aim to become the leader in intelligent cargo handling



# Highlights of the fourth quarter

- Good profit development continued in Kalmar and Hiab
- MacGregor profit burdened by indirect costs and EUR 11 million settlement
- Orders received totalled EUR 824 (914) million
- Sales at EUR 977 (963) million
- Operating profit excluding restructuring costs was EUR 52.1 (71.5) million or 5.3 (7.4)% of sales
- Operating profit was EUR 45.0 (63.0) million
- Cash flow from operations was EUR 87.3 (84.0) million



# Market environment in 2015

- Demand for container handling equipment, and services as well as interest for automation solutions was active
- Demand for Kalmar industrial and logistical solutions was healthy especially in the US
- Market for load handling equipment was strong in the US, and healthy in Europe varying significantly between countries
- Market for marine cargo handling equipment was weak
  - Demand for cargo handling equipment for large container ships improved during H2, demand for cargo handling solutions for bulk carriers and offshore vessels was low
  - Demand for RoRo and special vessel related cargo handling equipment was healthy



# Key figures

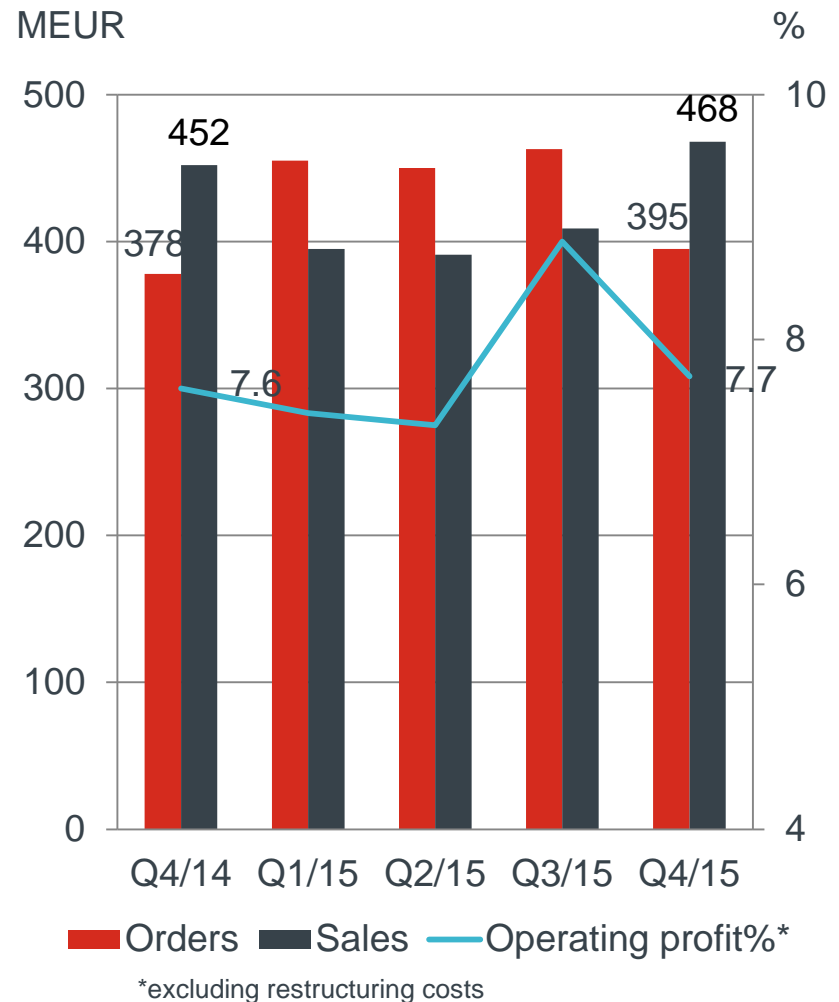
	10-12/15	10-12/14	Change	1-12/15	1-12/14	Change
Orders received, MEUR	824	914	-10%	3,557	3,599	-1%
Order book, MEUR	2,064	2,200	-6%	2,064	2,200	-6%
Sales, MEUR	977	963	1%	3,729	3,358	11%
Operating profit, MEUR*	52.1	71.5	-27%	230.7	149.3	55%
Operating profit margin, %*	5.3	7.4		6.2	4.4	
Cash flow from operations, MEUR	87.3	84.0		314.6	204.3	
Interest-bearing net debt, MEUR	622	719		622	719	
Earnings per share, EUR	0.55	0.63		2.21	1.11	



\*excluding restructuring costs

# Kalmar Q4 – high deliveries but mix and R&D affected margin q-o-q

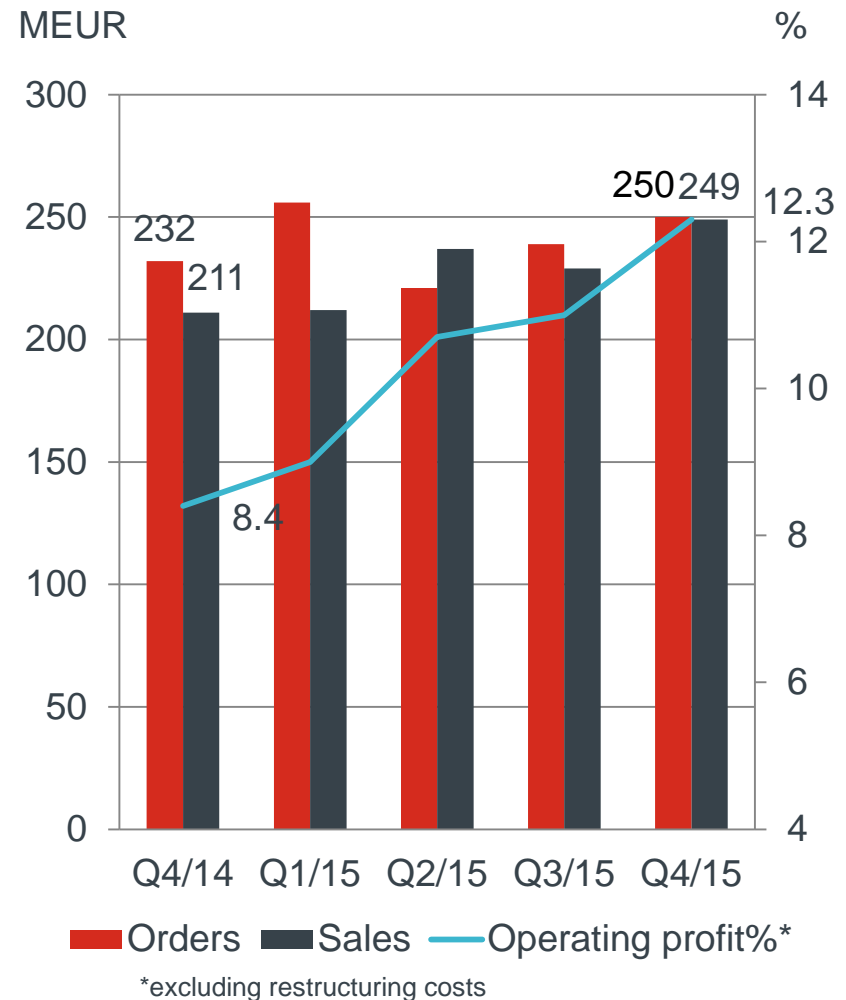
- Order intake increased 4% y-o-y to EUR 395 (378) million
- Order book strengthened 9% from 2014 year-end
- Sales grew 4% y-o-y to EUR 468 (452) million
- Profitability excluding restructuring costs was 7.7%





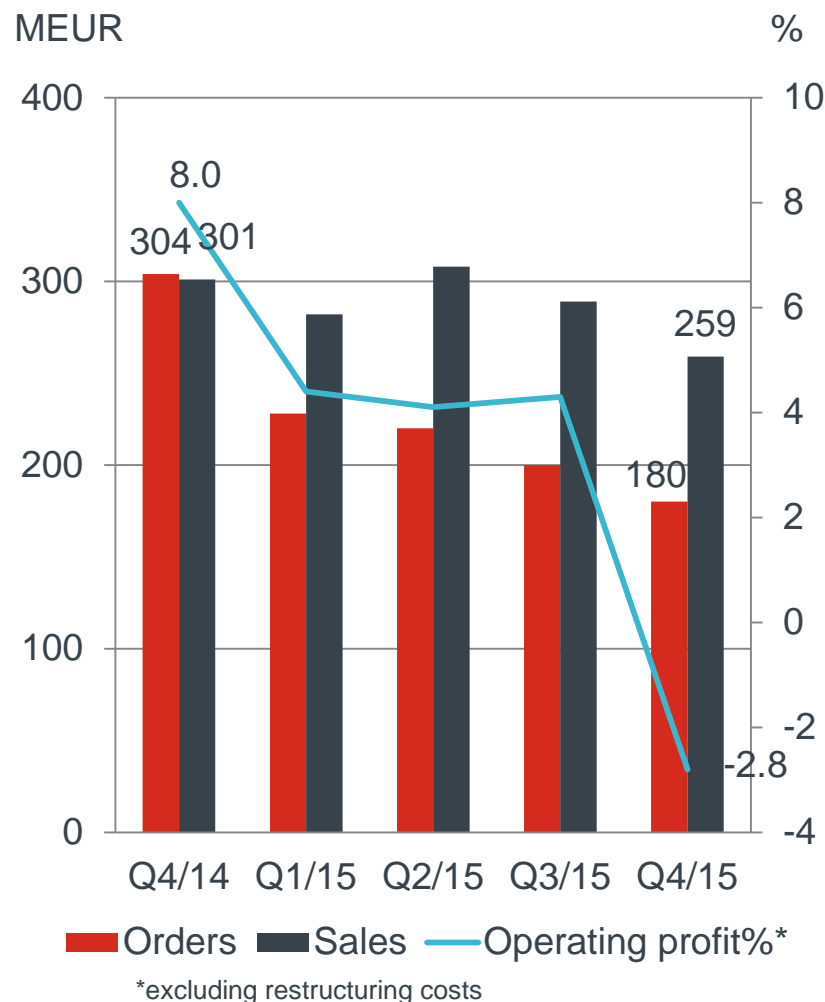
# Hiab Q4 – strong development in all areas

- Orders grew 8% y-o-y to EUR 250 (232) million
- Order book strengthened 15% from 2014 year-end
- Sales grew 18% y-o-y to EUR 249 (211) million
- Profitability excluding restructuring costs was 12.3%



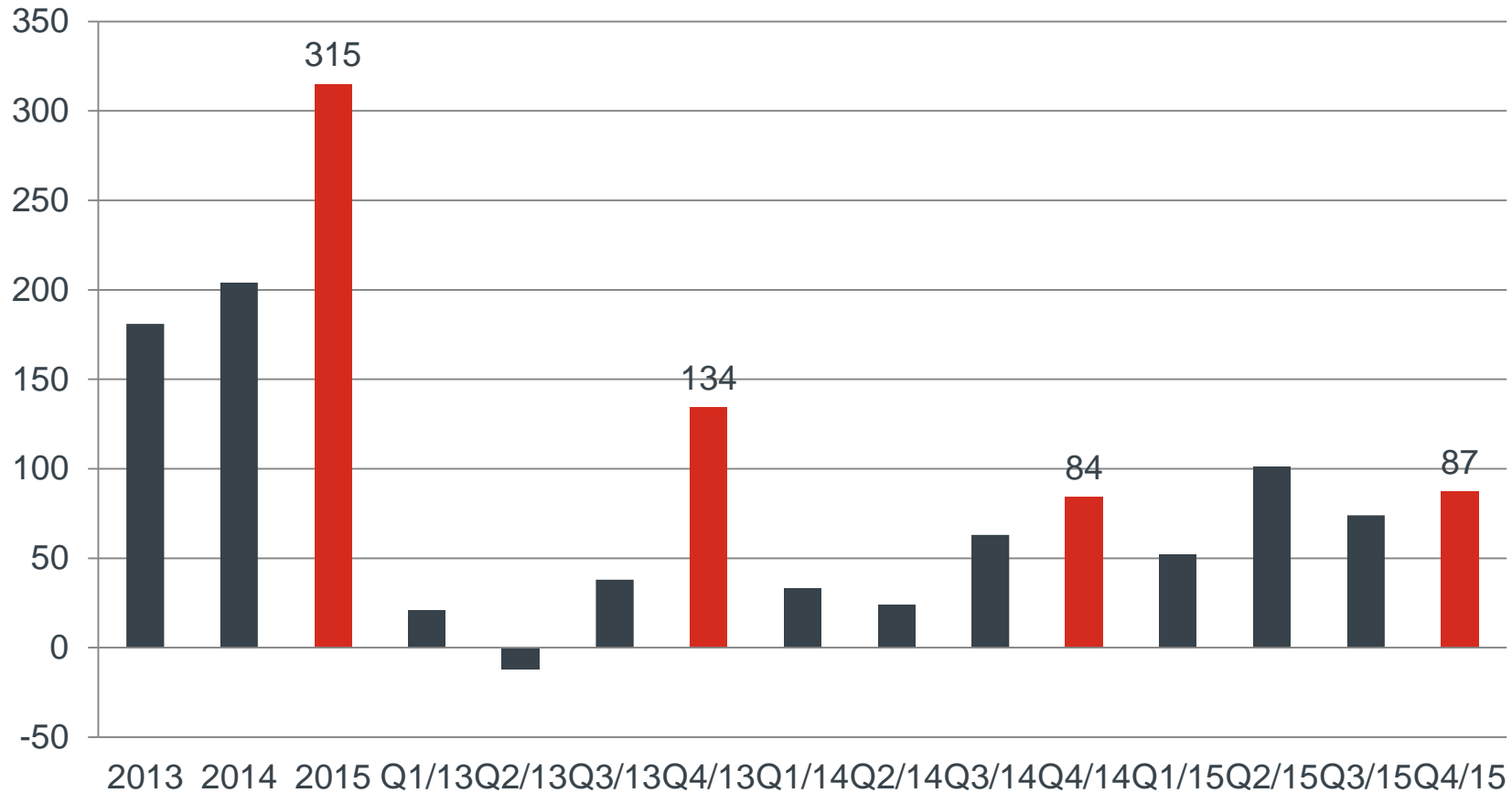
# MacGregor Q4 – profit burdened by indirect costs

- Order intake declined 41% y-o-y to EUR 180 (304) million
- Order book decreased 22% from 2014 year-end to EUR 883 million
- Sales declined 14% y-o-y to EUR 259 (301) million
- Profitability excluding restructuring costs was -2.8%
  - Restructuring costs EUR 6.4 million
  - Relatively higher indirect costs
  - EUR 11 million settlement
- Benefits from the restructuring measures not yet visible



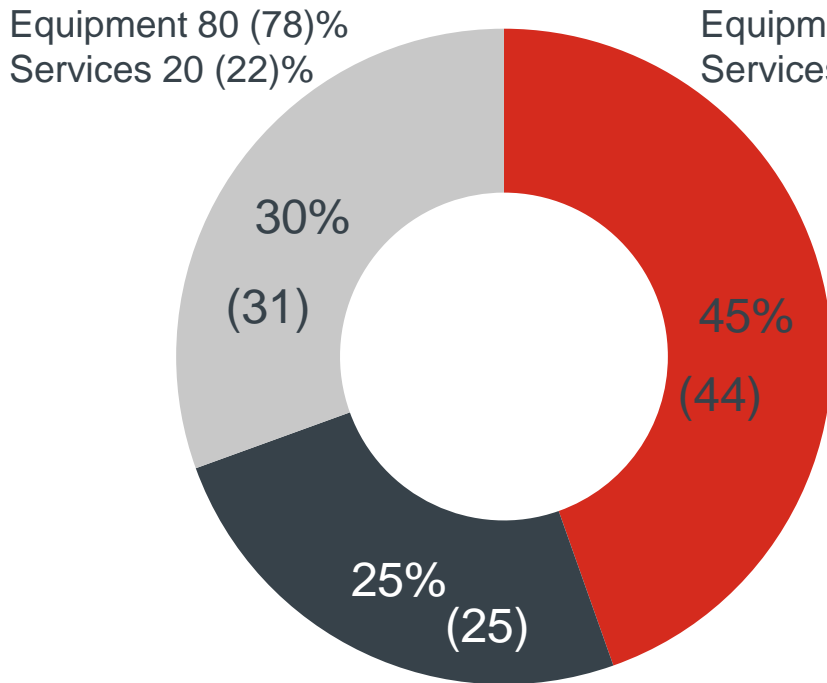
# Cash flow from operations solid throughout the year

MEUR

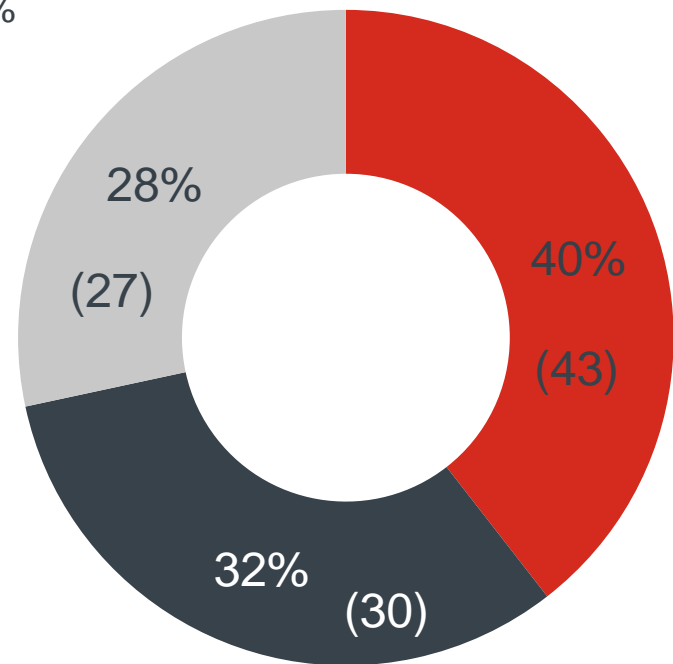


# Balanced geographical mix in sales

Sales by reporting segment 2015, %



Sales by geographical segment 2015, %



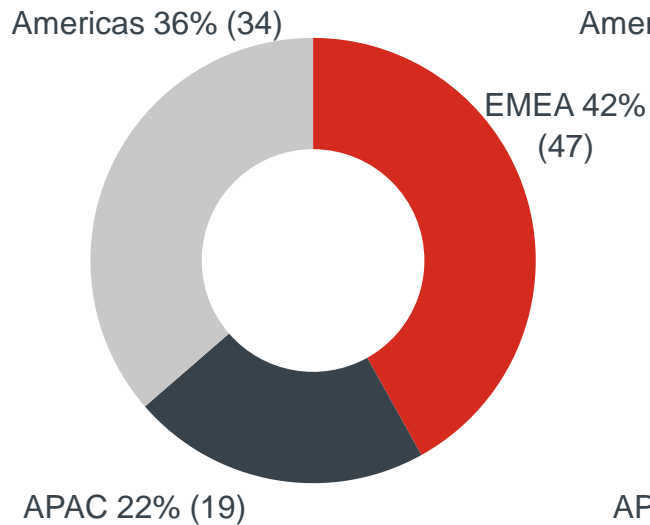
Equipment 77 (77)%  
Services 23 (23)%

■ Kalmar ■ Hiab ■ MacGregor

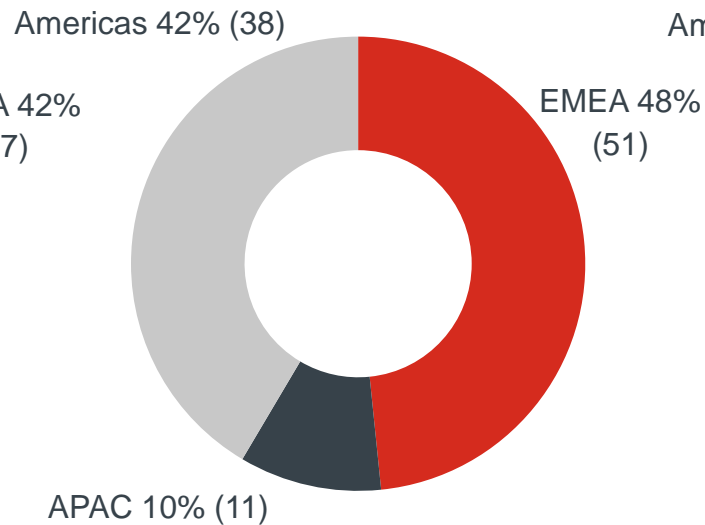
■ EMEA ■ APAC ■ Americas

# Sales by geographical segment by business area 2015

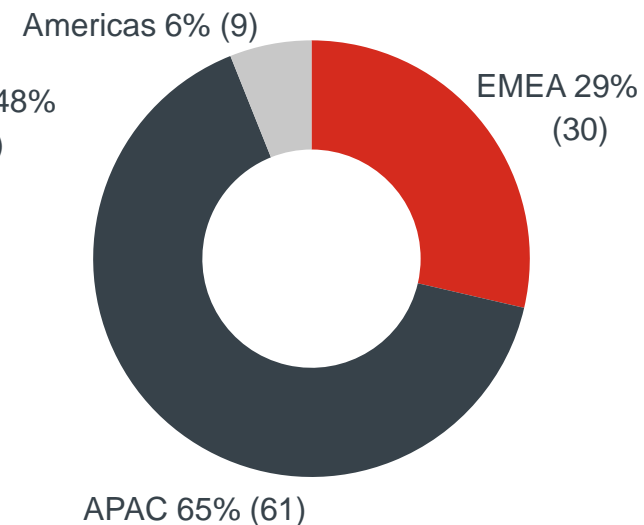
## Kalmar



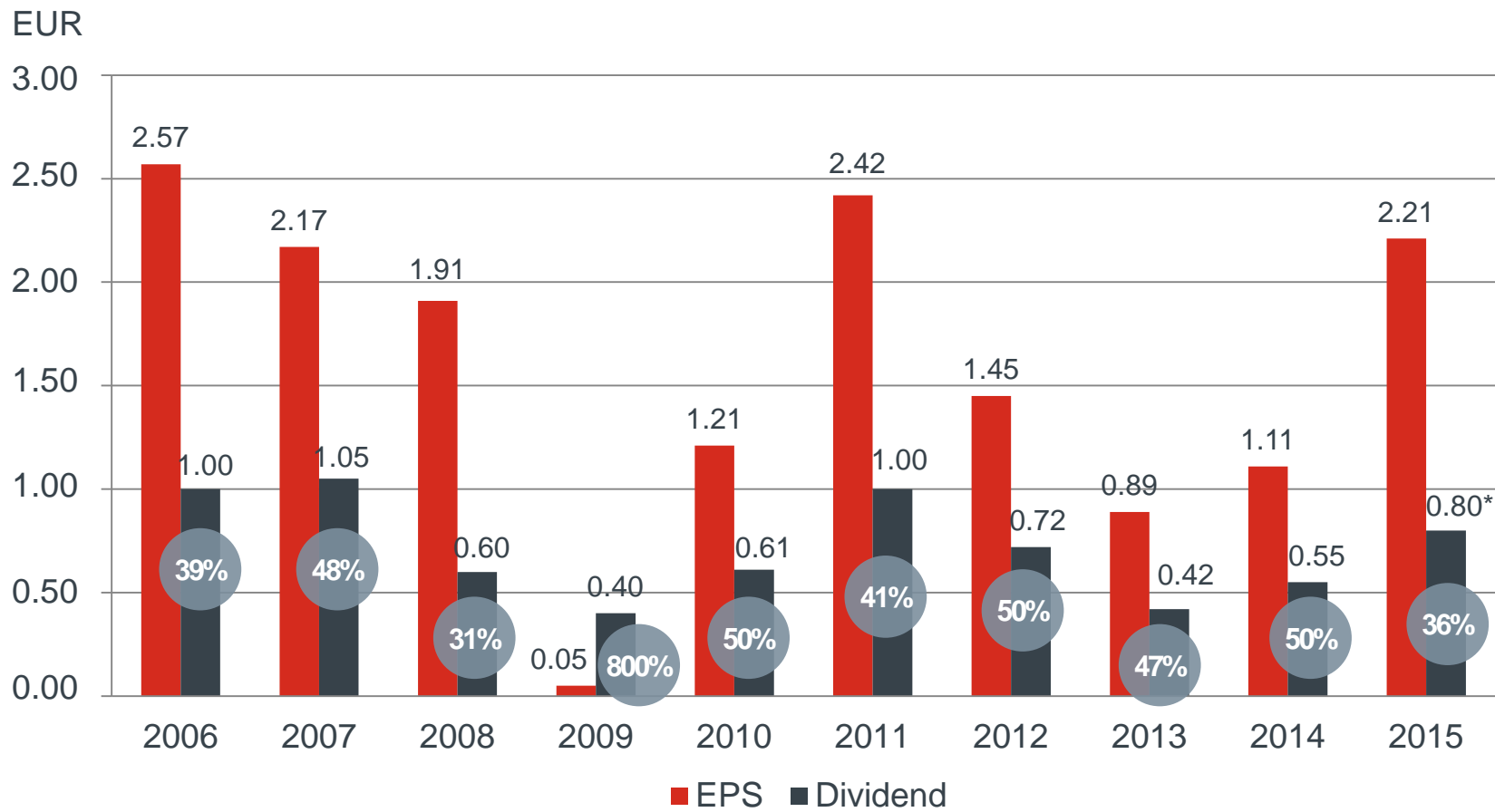
## Hiab



## MacGregor

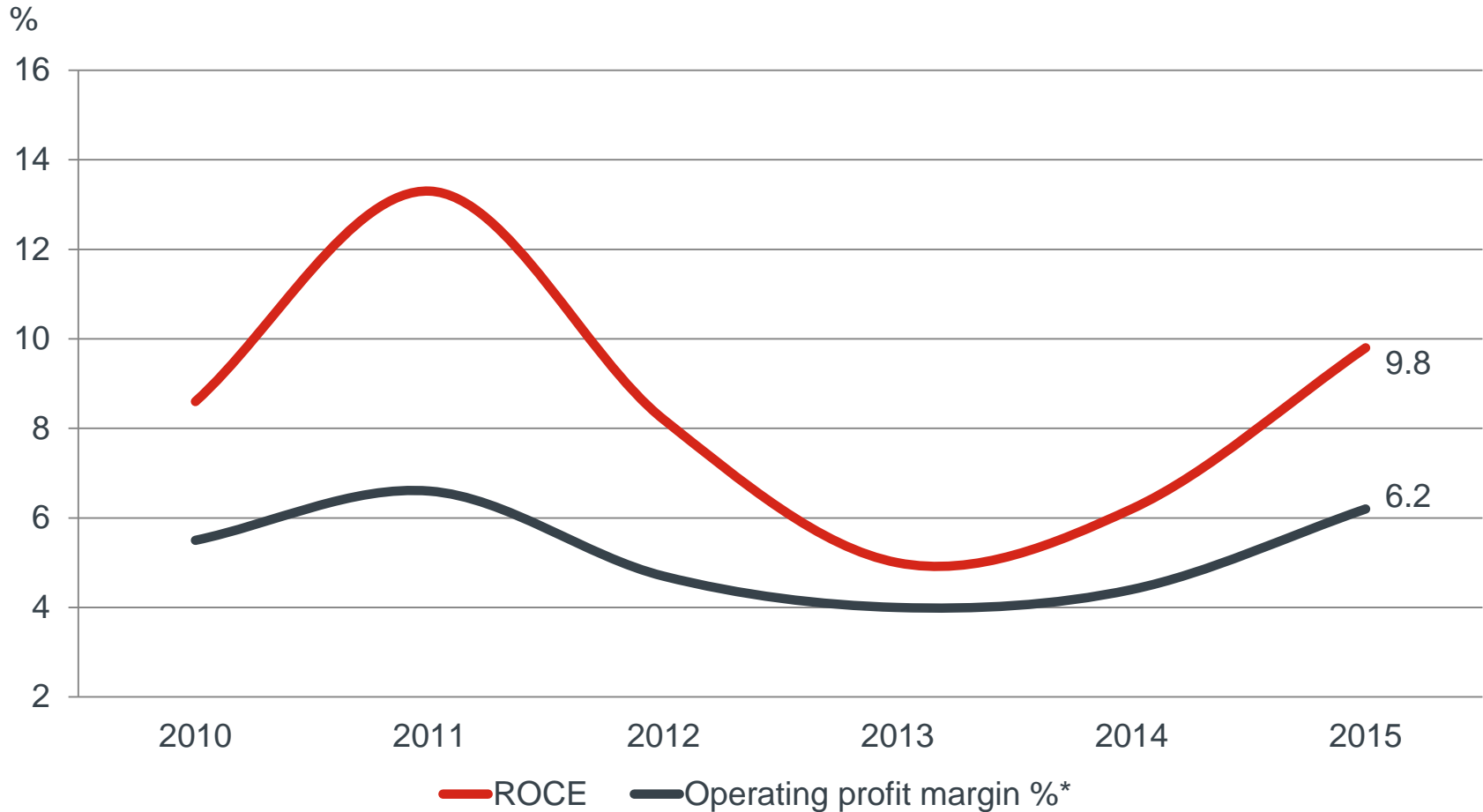


# Earnings per share and dividend (B share)



\* Dividend proposal by the Board of Directors

# 2015 demonstrated clear turnaround in key financial metrics



ROCE, annualised  
\*excluding restructuring costs

# 2016 outlook

- Cargotec's 2016 sales are expected to be at the 2015 (EUR 3,729 million) level or slightly below.
- Operating profit excluding restructuring costs for 2016 is expected to improve from 2015 (EUR 230.7 million).





