





## Q3 2015 Paris road show

27 October 2015

Executive Vice President and CFO Eeva Sipilä

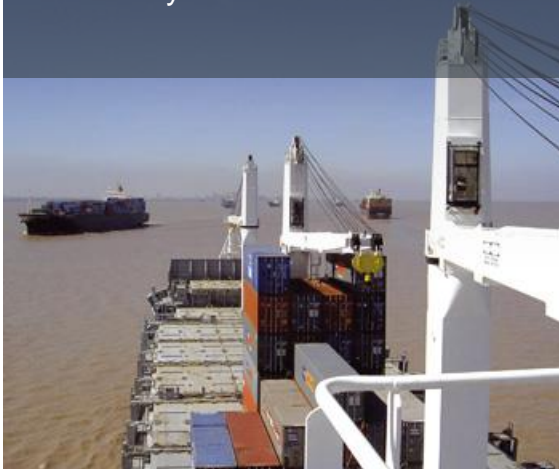
# Cargotec in brief



# Cargotec's business areas

## MacGregor

- MacGregor offers integrated cargo flow solutions for maritime transportation and offshore industries
- Global company with facilities near ports worldwide
- Wide offering for ships, ports and terminals and offshore industry



## Kalmar

- Kalmar offers the widest range of cargo handling solutions and services to ports, terminals, distribution centres and heavy industry
- Industry forerunner in terminal automation and in energy efficient container handling



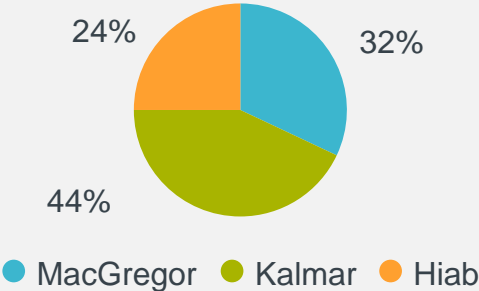
## Hiab

- Hiab is the global market leading brand in on-road load handling solutions
- Load handling solutions are used in various sectors of on land transport and delivery, including construction, distribution, forestry, warehousing, waste and recycling, and defence

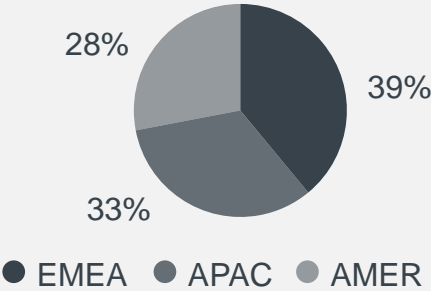


# Cargotec's business basics

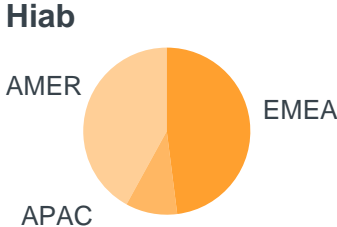
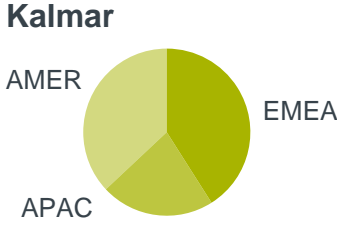
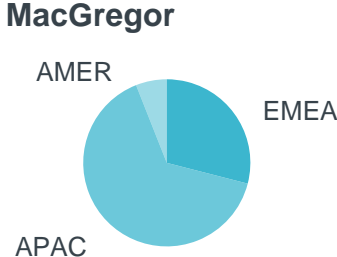
**Cargotec sales split in 1-9/2015**



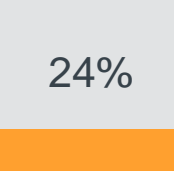
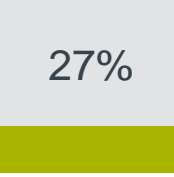
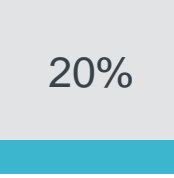
**Cargotec geographical split of sales in 1-9/2015**



**Geographical split of sales in 1-9/2015**



**Services share of sales in 1-9/2015**



**Order to delivery lead time**

**12-24**  
months

**6-9**  
months

**2-4**  
months

# Key drivers for the business areas

## MacGregor

- Merchant ship building
- Development of global energy demand and oil price, which have a direct impact on exploration and production (E&P) spending and investment in the oil industry
- Oil drilling moving to new locations
  - Deep sea environments and subsea installations drive demand for premium products
- Ship dry dockings, repairs and modernisations
- Preventive maintenance and on-call service needs

## Kalmar

- Gross domestic product (GDP) growth is the main driver behind activities in ports and terminals and in the industrial sector
- Container traffic is an important driver for around 70 percent of Kalmar's business operations
  - Drewry Shipping Consultants estimates that global container throughput will grow by around five percent per year
  - Growth in Asia-Pacific is expected to be double that of the rest of the world
- Capacity utilisation drives services
- Bigger ships drive crane refurbishment
- Preventive maintenance and outsourcing needs

## Hiab

- Hiab's business fluctuates based on truck sales and construction activity. Sentiments in the distribution, warehousing and forest businesses also affect Hiab
- Residential houses, associated roof constructions and other construction elements are increasingly built elsewhere and transported to their location
  - In mature markets, this creates a need for Hiab products, especially for high capacity equipment
  - In emerging markets, the trend involves a move away from small transportation packages
- Crane utilisation and increased remote diagnostics drive services

# Key competitors

## MacGregor



SHIP'S EQUIPMENT CENTRE GRONINGEN B.V.



ROBERT ROCK GMBH



Rolls-Royce



LIEBHERR

## Kalmar



KONECRANES®  
Lifting Businesses™



LIEBHERR

ABB

## Hiab



Manufacturer of truck mounted forklifts

# Cargotec financial targets for 2016

Operating profit margin  
(EBIT)

**>8%**

Return on capital  
employed  
(ROCE pre-tax)

**>13%**

Gearing

**<50%**

Dividend

**30-  
50%**  
of earnings per share



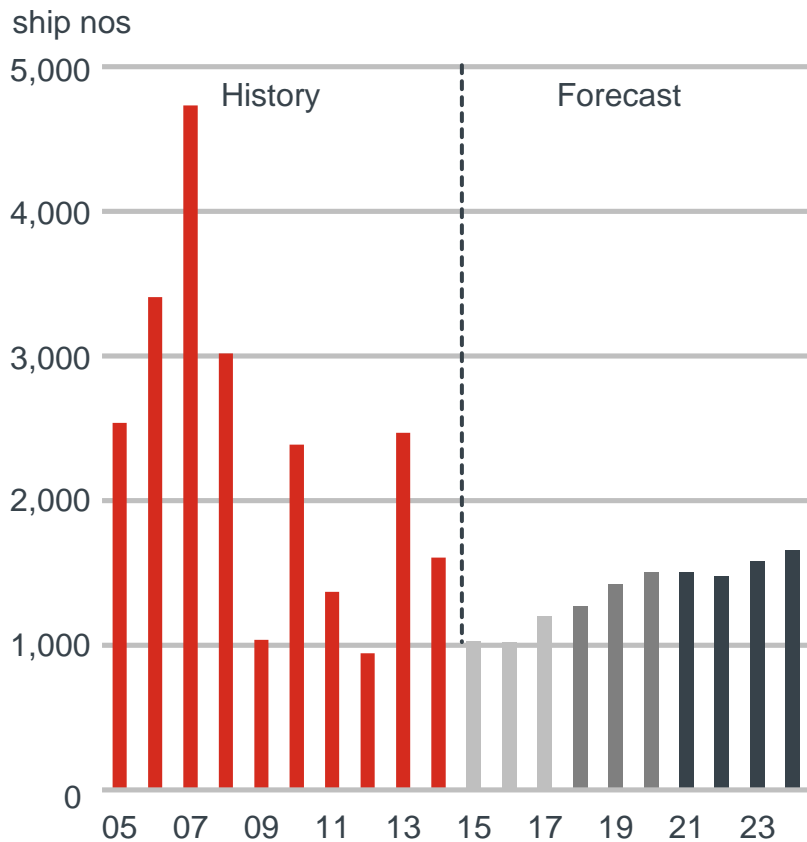


# MacGregor

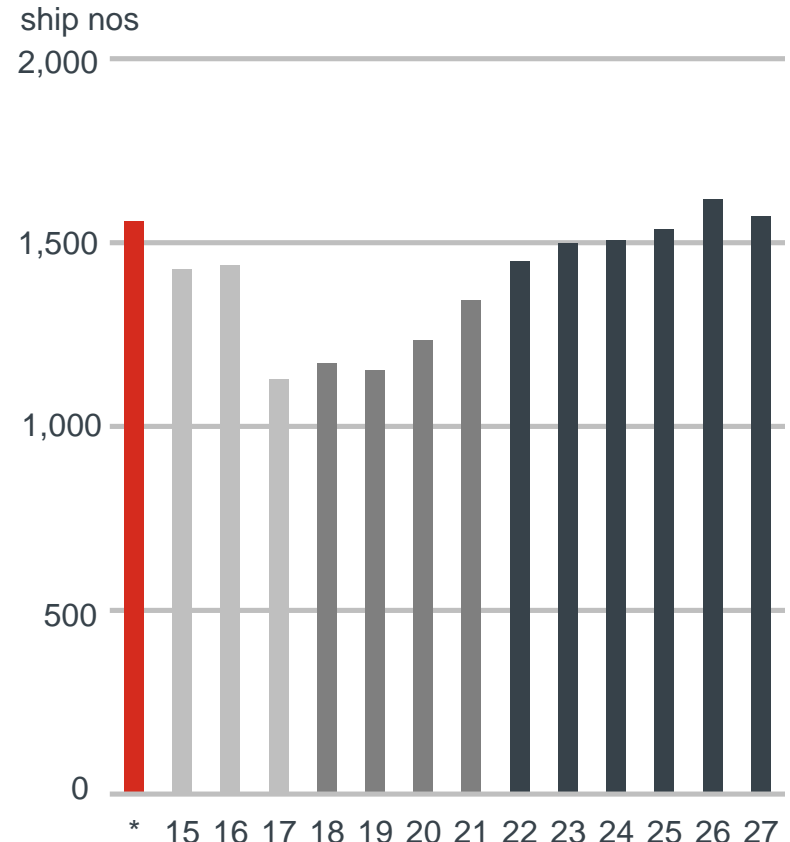


# Contracting forecast reflects imbalance in the merchant ship market

Long-term contracting 2005–2024



Long-term deliveries 1996–2027

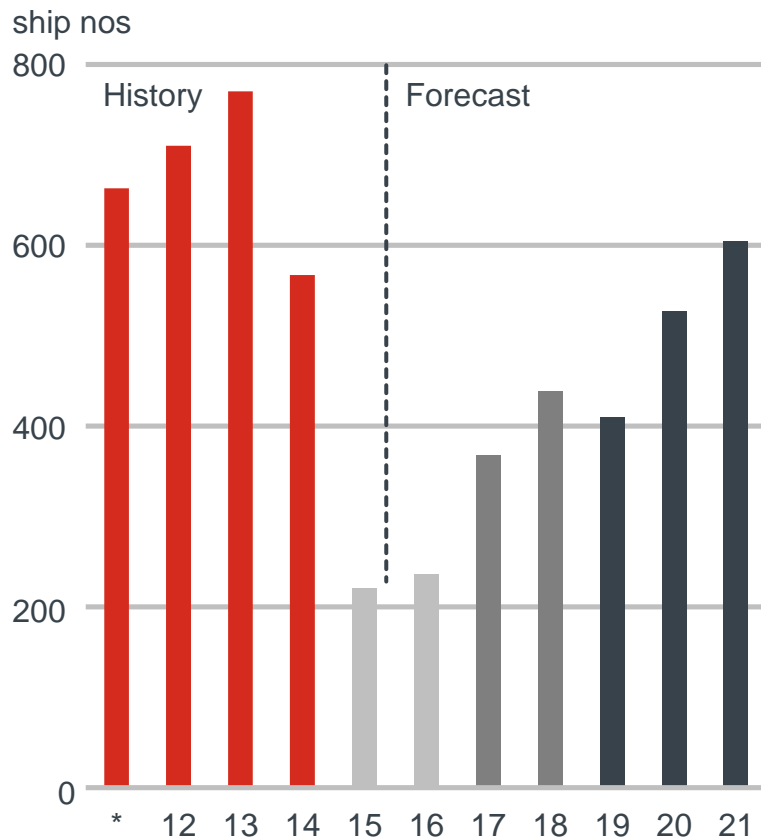


\* 1996 – 2014 average

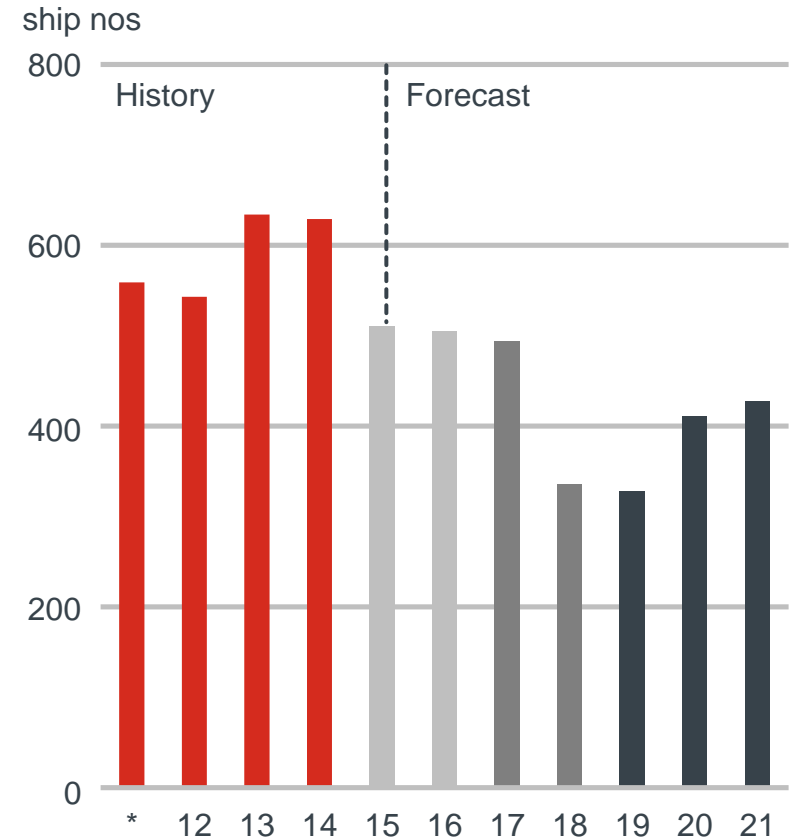
Source: Clarkson Newbuilding Market Forecast, September 2015

# Mobile offshore unit contracting and delivery forecast

## Long-term contracting 2004–2021



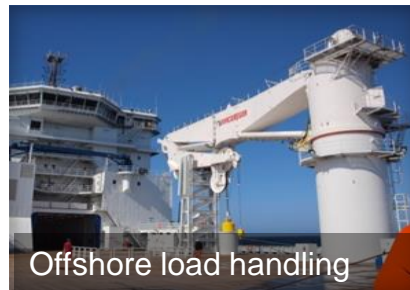
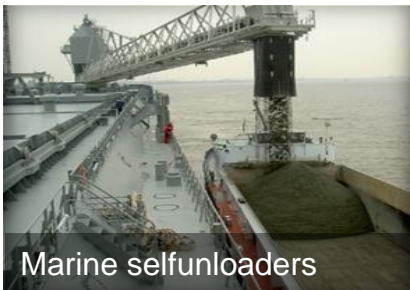
## Long-term deliveries 2004–2021



\* 2004 – 2014 average

Source: Clarkson Offshore Newbuilding Market Forecast, September 2015

# Strong positions in merchant ship and offshore markets



# Key actions to drive profitability in MacGregor

## Service

- Right capabilities and systems
- Service footprint
- Excellence in spare parts availability

Grow services to 30% of sales

## Sales

- Increase sales by cross-selling & defining sales models
- Increase solution selling

Cross-selling 100 MEUR +

## Effectiveness

- Leveraging technology and R&D
- Design to value

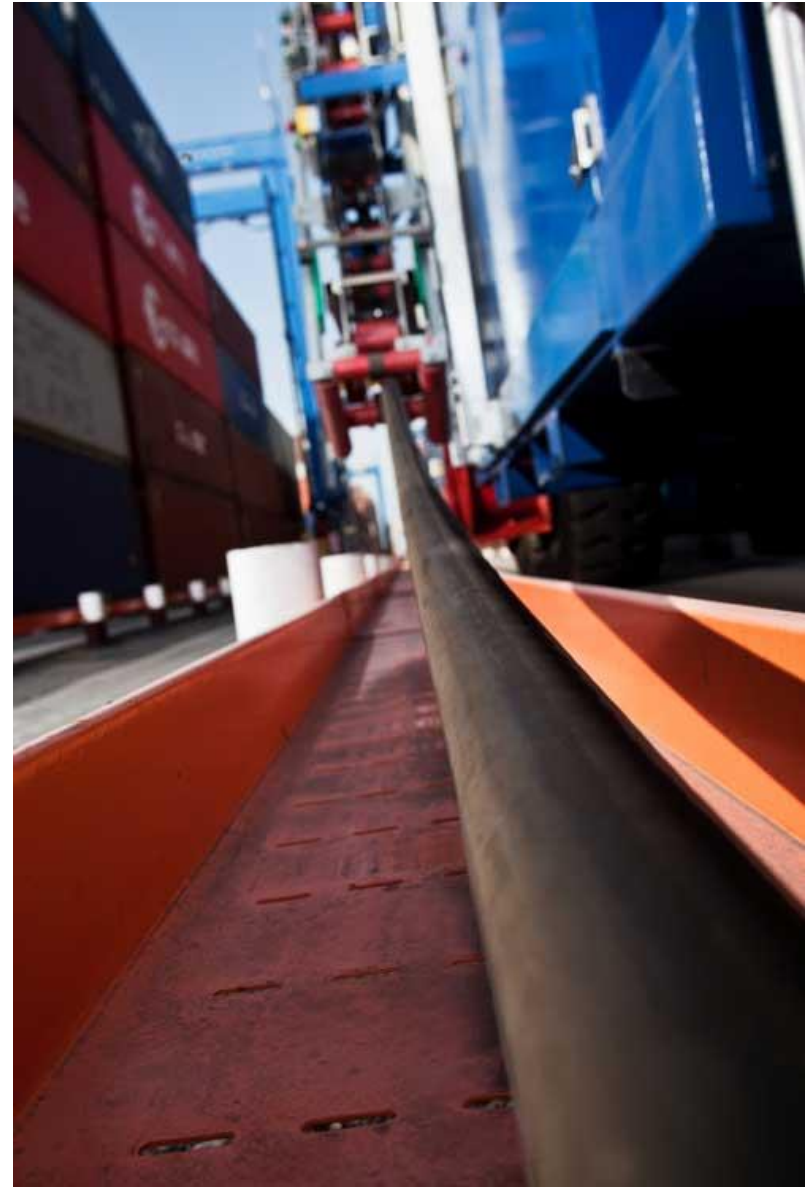
2% product margin improvement

# MacGregor restructuring measures

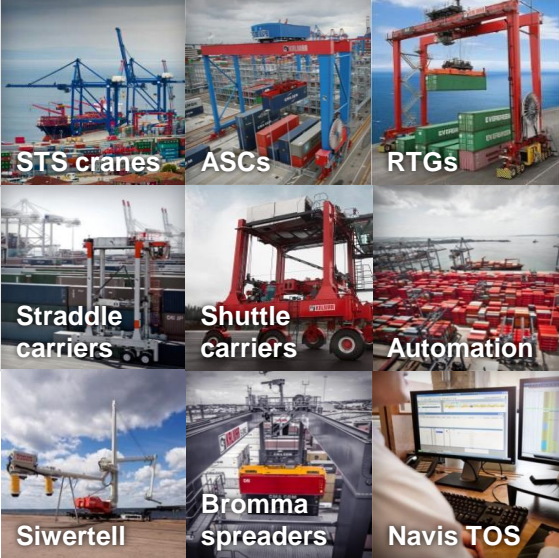
- Weak market situation
  - Low oil price
  - Low number of merchant ship orders
- Strong focus on earlier announced development programmes continues
  - Sales, services and design-to-cost
- Restructuring measures announced in April have been completed
  - Reduction of some 200 employees
  - EUR 20 million targeted annual savings
  - Restructuring cost of EUR 4.5 million
- In August, announced plans to reduce workforce in Uetersen, Germany
  - Estimated reduction of 100 employees
  - EUR 7 million targeted annual savings
  - Estimated restructuring cost of EUR 5 million
- During Q3, several smaller restructuring measures initiated mainly due to low demand in the offshore segment



**Kalmar**



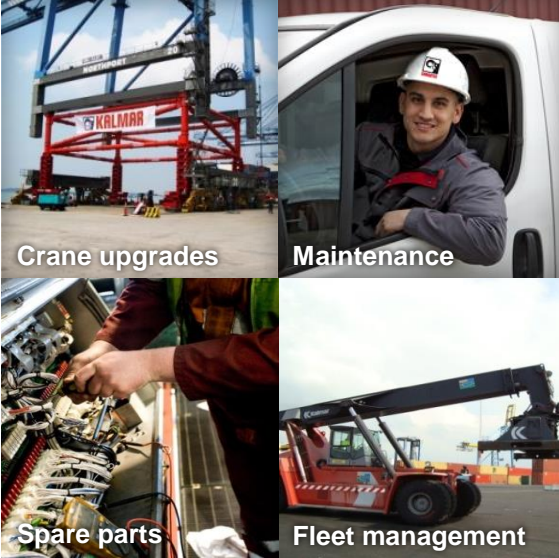
# Kalmar offering



Terminal projects



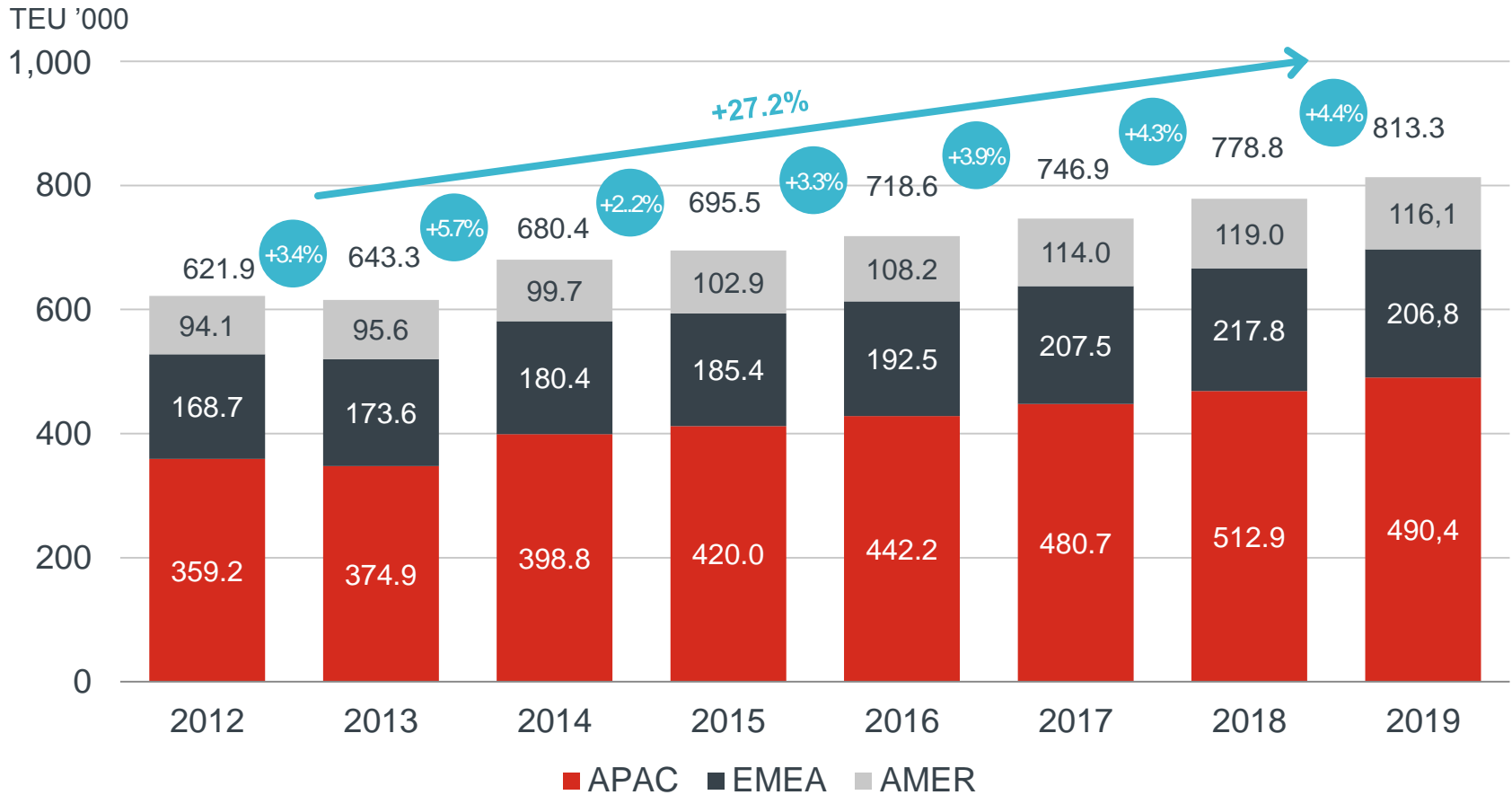
Equipment



Services



# Container throughput forecast illustrates that Kalmar is in a growth business



Source: Drewry: Global Container Terminal Operators Annual Report 2015

# Securing competitiveness of mobile equipment

- New products meeting customer requirements also in emerging markets
  - Energy efficiency improvements
  - Environmentally friendly products
  - Safety enhancements and easier to maintenance
- Profit improvement initiatives integrated
  - Design-to-cost
  - Sourcing
  - Improved pricing power
- Reduced total cost of ownership
- Differentiation against low-cost competition



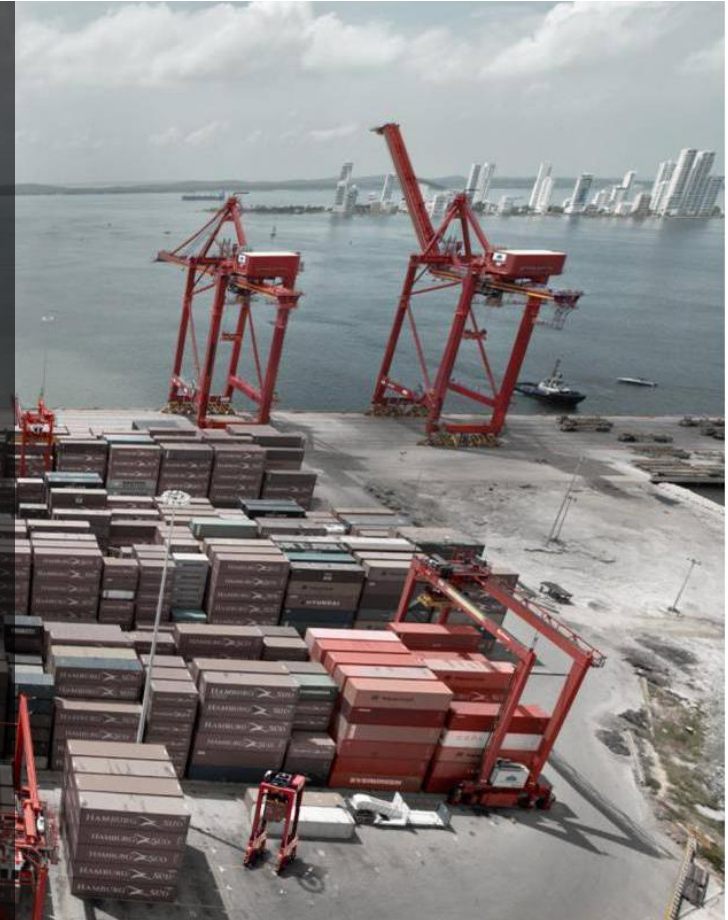
# Services development continues in all areas

- Kalmar Care contracts won in all regions
- Kalmar Care for automated terminals – work in progress
- Crane Upgrades growth delayed, but still anticipated
- Spare parts pricing and tool development will show results in 2015



# Kalmar has all the capabilities to respond to the increased demand for port automation

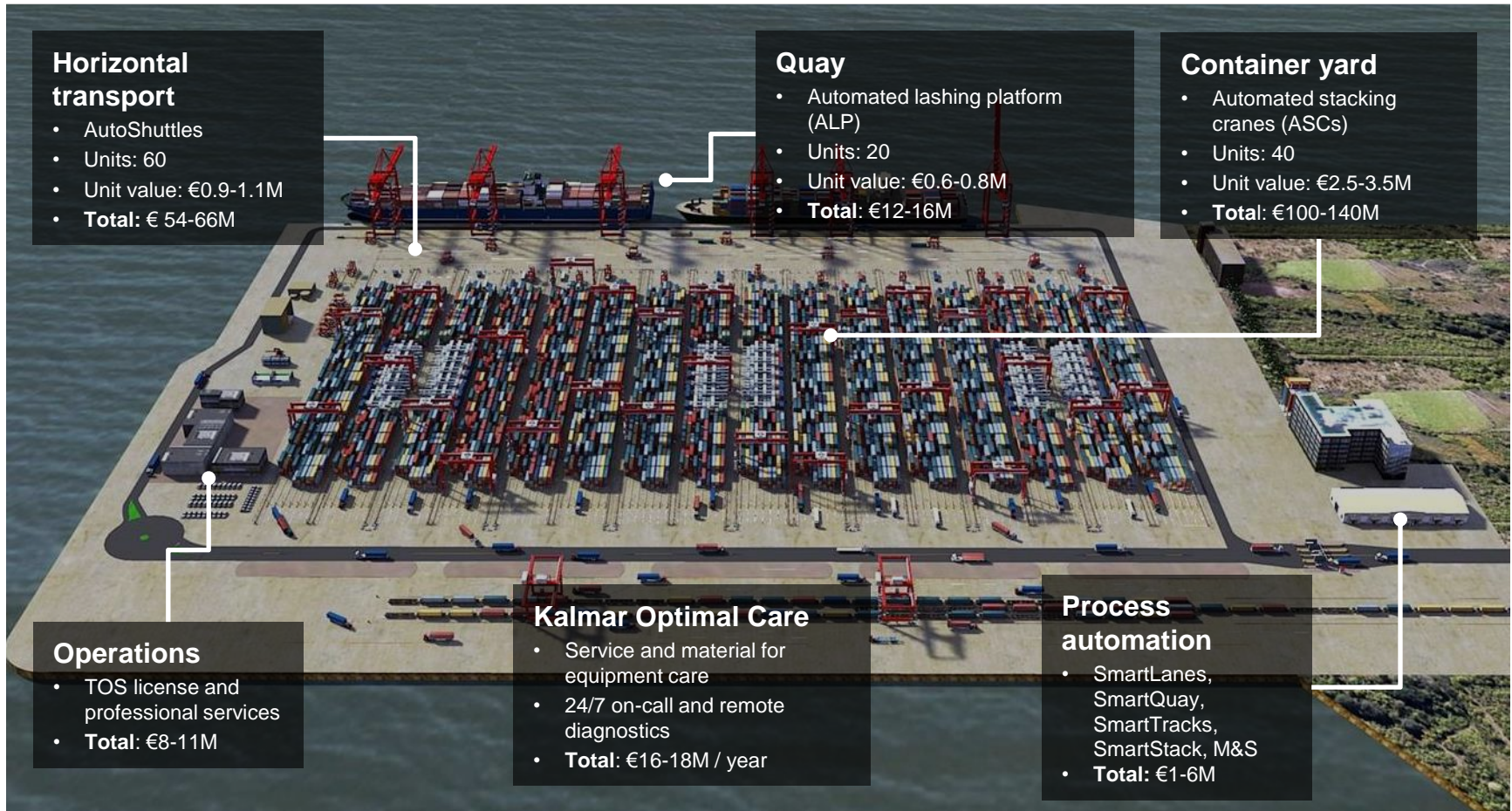
- Terminals are looking for different types of automation
  - Currently approx. 25 projects on-going or planned
  - Expected 20 more projects in coming five years
- Greenfield projects = New automated terminals, expansion of current automated terminals or conversions of existing manual operations
  - Currently approx. 25 projects on-going or planned
  - Expected 20 more projects in coming five years
- Brownfield projects = Automating existing manual operations
  - Development in early phase
  - Currently approx. 130 existing straddle carrier terminals, of which 10% with automation potential
  - Currently approx. 430 existing RTG terminals, of which 10–15% with automation potential



# Example of an automated terminal project

TERMINAL CAPACITY: 3 MILLION TEU / YEAR

TOTAL KALMAR SCOPE APPROX. EUR 190-260 MILLION



Hiab

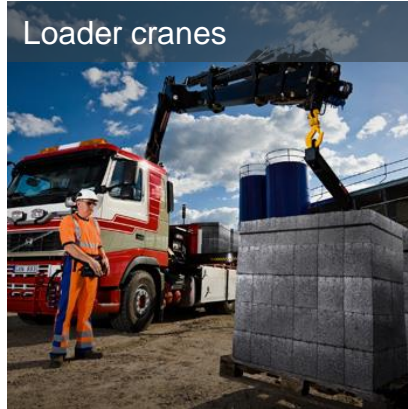


# Hiab offering

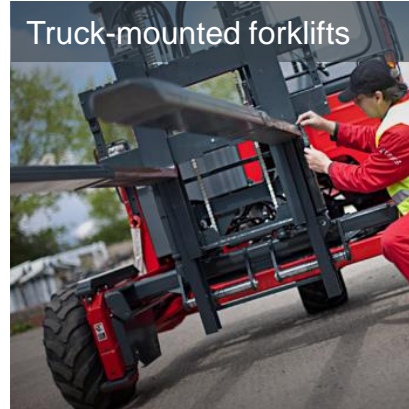
Loader cranes



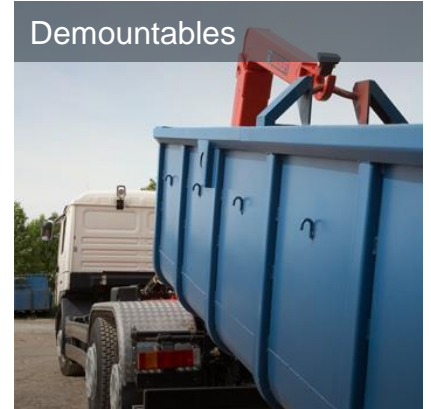
Loader cranes



Truck-mounted forklifts



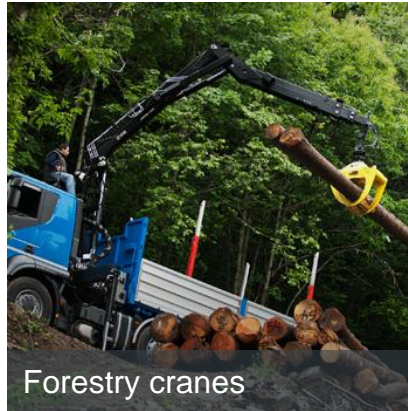
Demountables



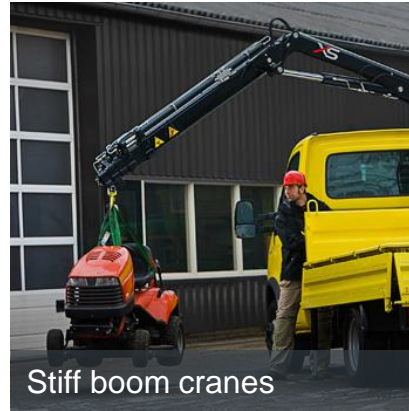
Tail lifts



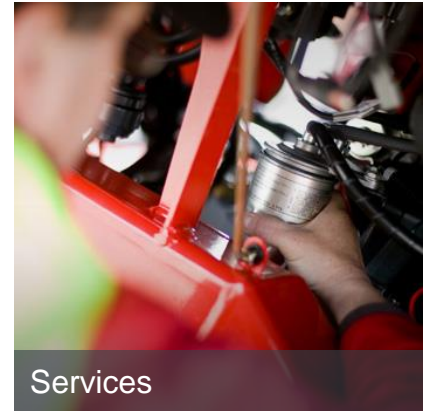
Forestry cranes



Stiff boom cranes

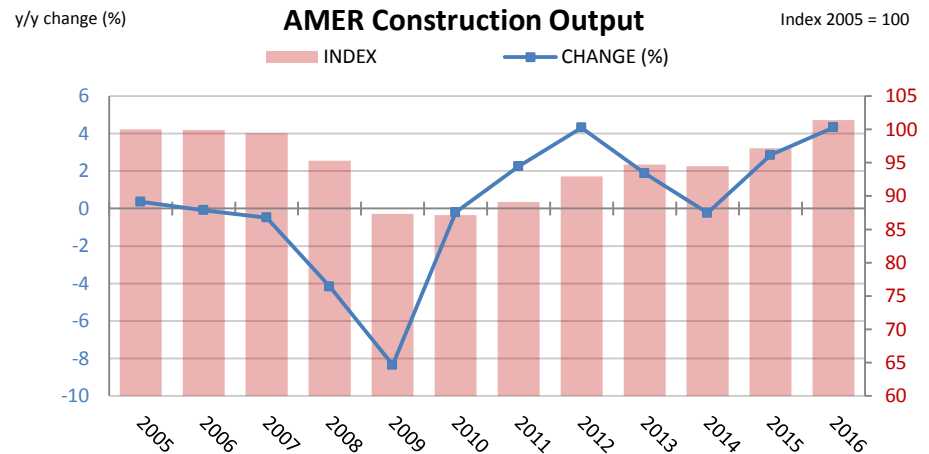
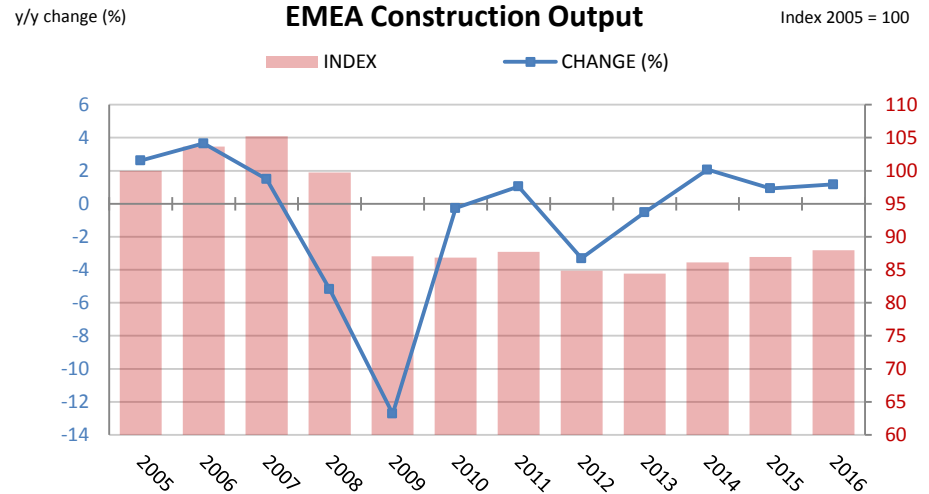
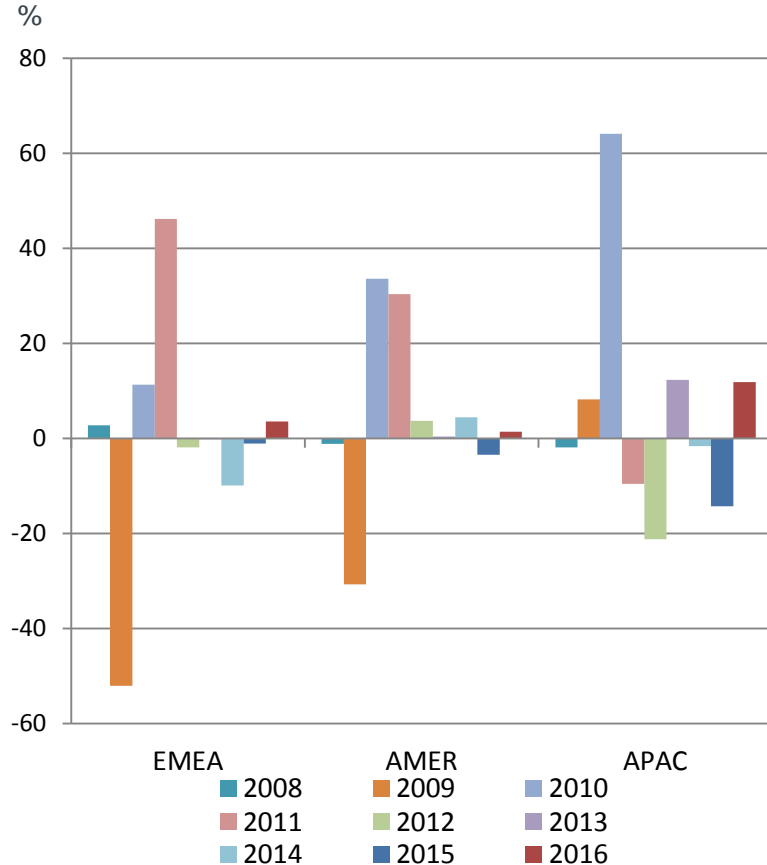


Services



# Two-fold market environment for Hiab

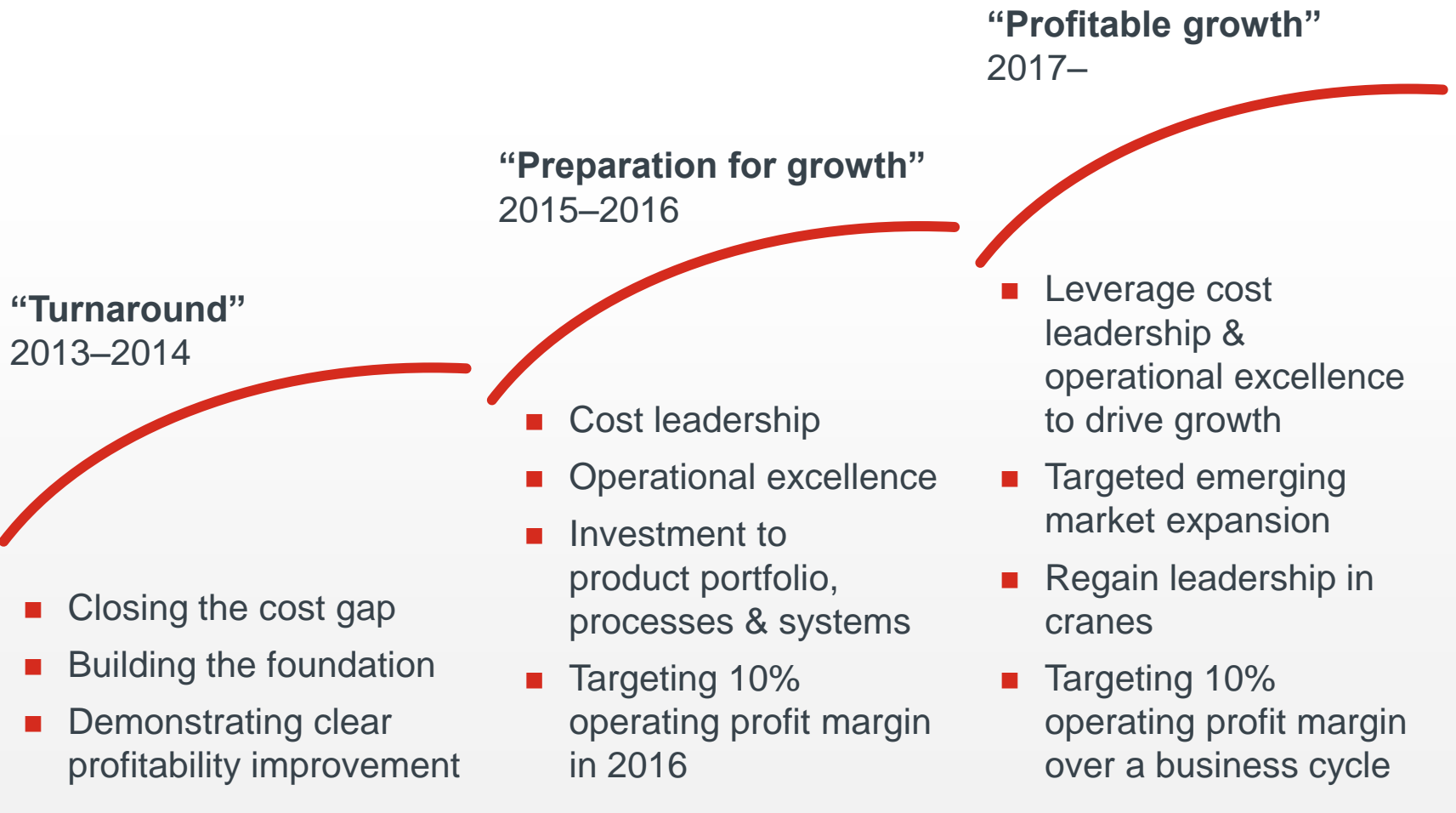
Truck sales growth GVW over 15t, regions



Source: IHS: World Truck Data 9/2015, Oxford Economics: Industry Output Forecast 9/2015



# Building a sustainably profitable and growing business in Hiab



# Three must win battles to reach targets in Hiab

## 1. Outperform competition in sales & services execution

- Dealer management
- Sales funnel management
- Parts availability

## 2. Develop customer driven, simplified and competitive product offering

- Customer insight
- Product portfolio upgrading
- Modularisation

## 3. Reduce value chain complexity, cost and cash conversion cycle

- Stargard up to full-scale
- Optimise the distribution network
- Working capital management

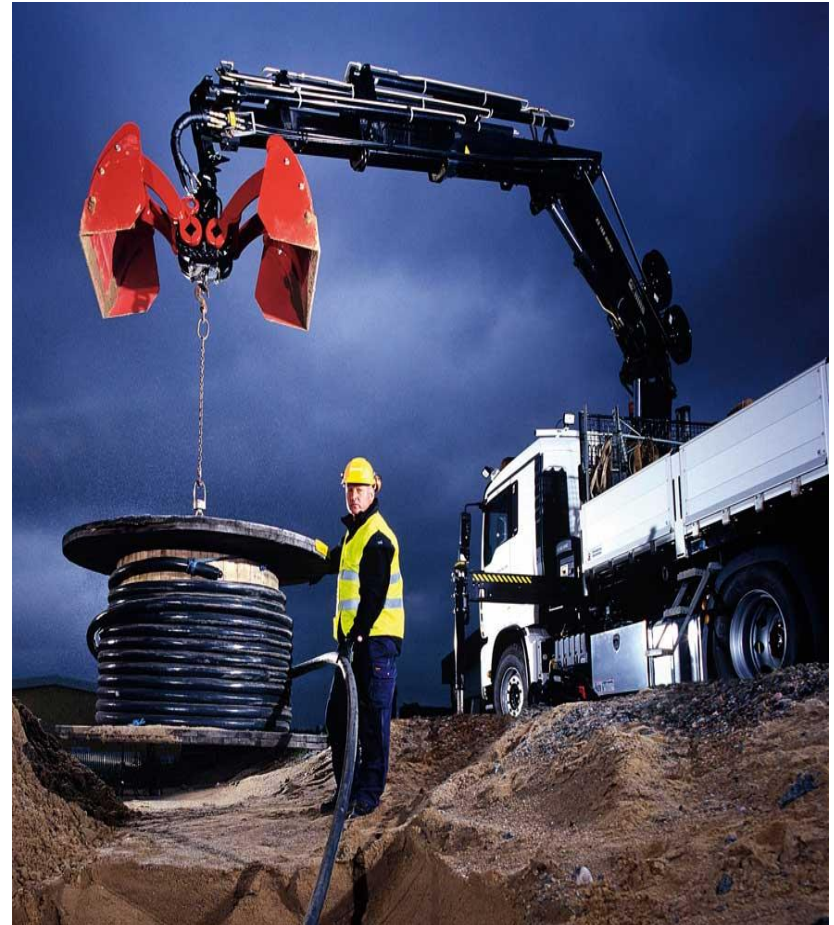


# January– September financials



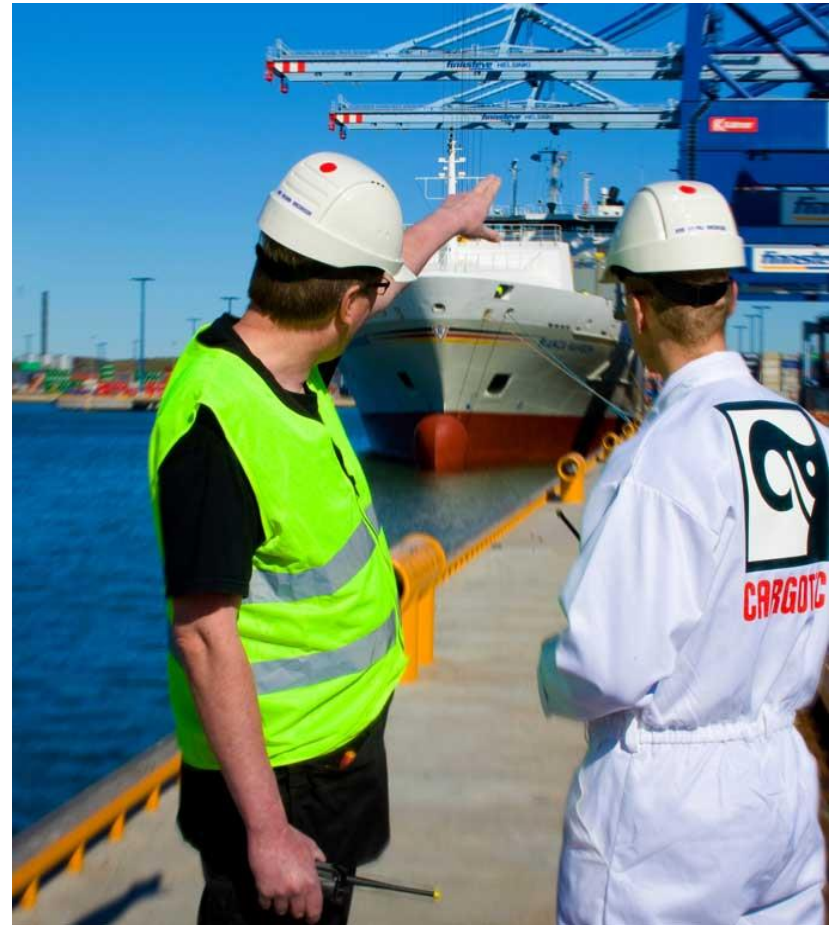
# Highlights of the third quarter

- Orders increased 9% y-o-y to EUR 907 (829) million
- Order book strengthened one percent from 2014 year-end to EUR 2,233 million
- Sales grew 10% y-o-y to EUR 928 (840) million
- Operating profit excluding restructuring costs was EUR 68.3 (48.4) million or 7.4 (5.8)% of sales
- Operating profit was EUR 61.9 (45.8) million
- Cash flow from operations strong at EUR 74.5 (63.4) million



# Market environment in January–September

- Market for marine cargo handling equipment was weak
  - Demand for cargo handling equipment for large container ships improved during Q3, 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
- Demand for container handling equipment and services 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



# January–September key figures

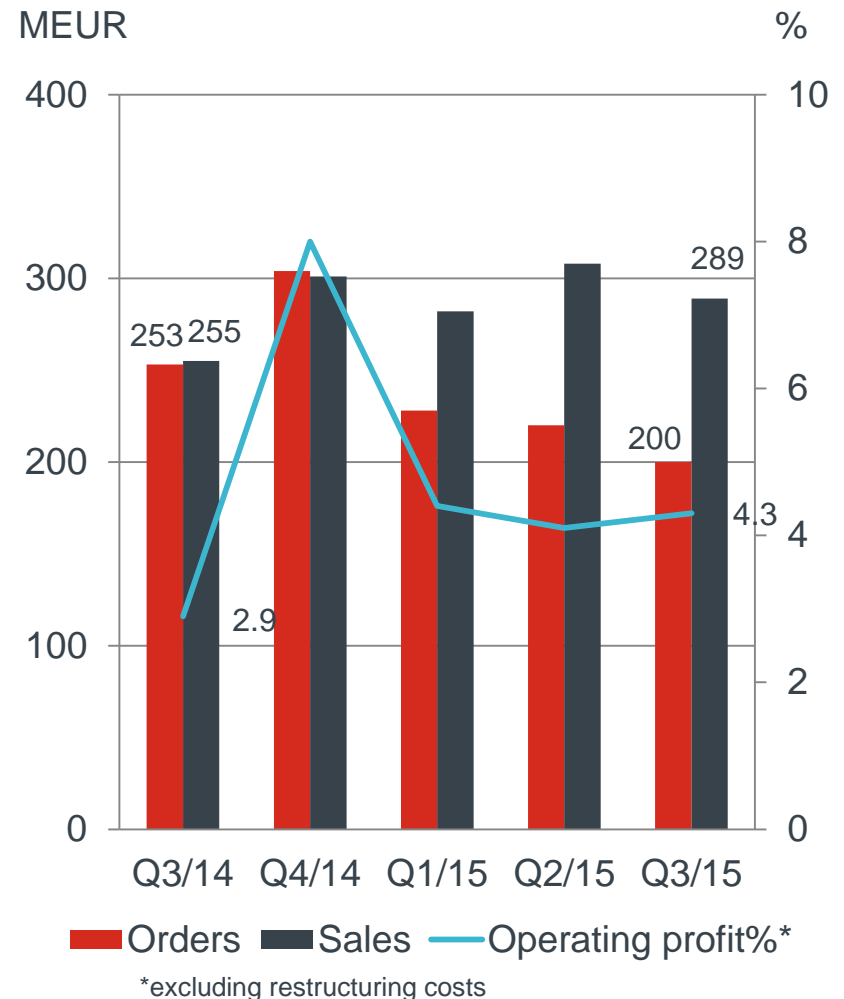
	7-9/15	7-9/14	Change	1-9/15	1-9/14	Change	2014
Orders received, MEUR	907	829	9%	2,733	2,685	2%	3,599
Order book, MEUR	2,233	2,327	-4%	2,233	2,327	-4%	2,200
Sales, MEUR	928	840	10%	2,753	2,395	15%	3,358
Operating profit, MEUR*	68.3	48.4	41%	178.6	77.8	130%	149.3
Operating profit margin, %*	7.4	5.8		6.5	3.2		4.4
Cash flow from operations, MEUR	74.5	63.4		227.3	120.3		204.3
Interest-bearing net debt, MEUR	678	835		678	835		719
Earnings per share, EUR	0.67	0.43		1.67	0.48		1.11



\*excluding restructuring costs

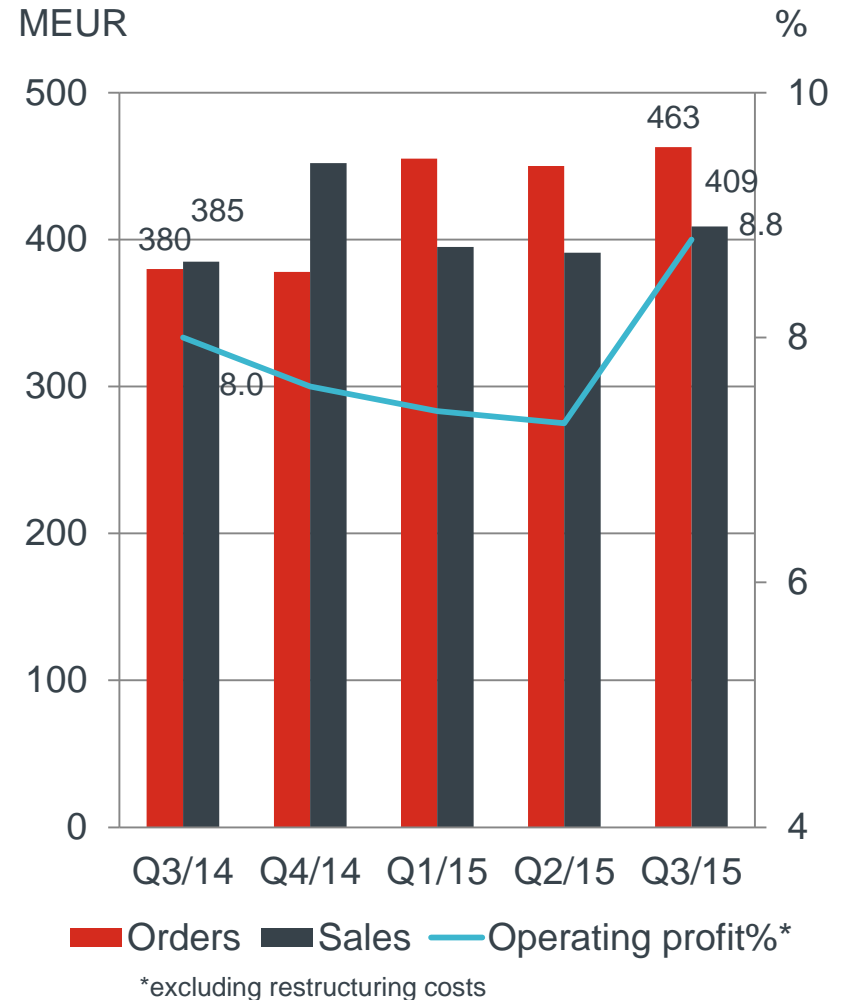
# MacGregor Q3 – order intake reflecting challenging market situation

- Order intake declined 21% y-o-y to EUR 200 (253) million
- Order book decreased 13% from 2014 year-end, but still at EUR 984 million
- Sales grew 13% y-o-y to EUR 289 (255) million
- New restructuring measures announced to improve profitability
- Profitability excluding restructuring costs was 4.3%
  - Restructuring costs EUR 5.2 million



# Kalmar Q3 – strong progress in orders and profitability

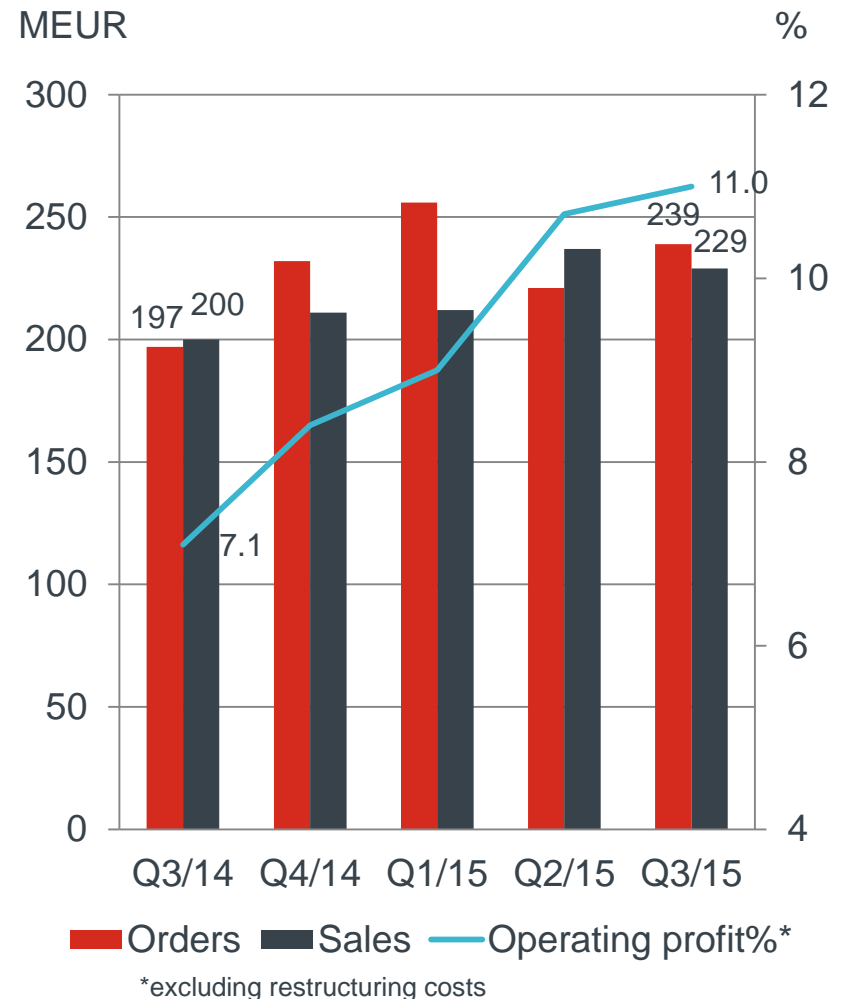
- Order intake increased 22% y-o-y to EUR 463 (380) million
- Order book strengthened 18% from 2014 year-end
- Sales grew 6% y-o-y to EUR 409 (385) million
- Profitability excluding restructuring costs was 8.8%



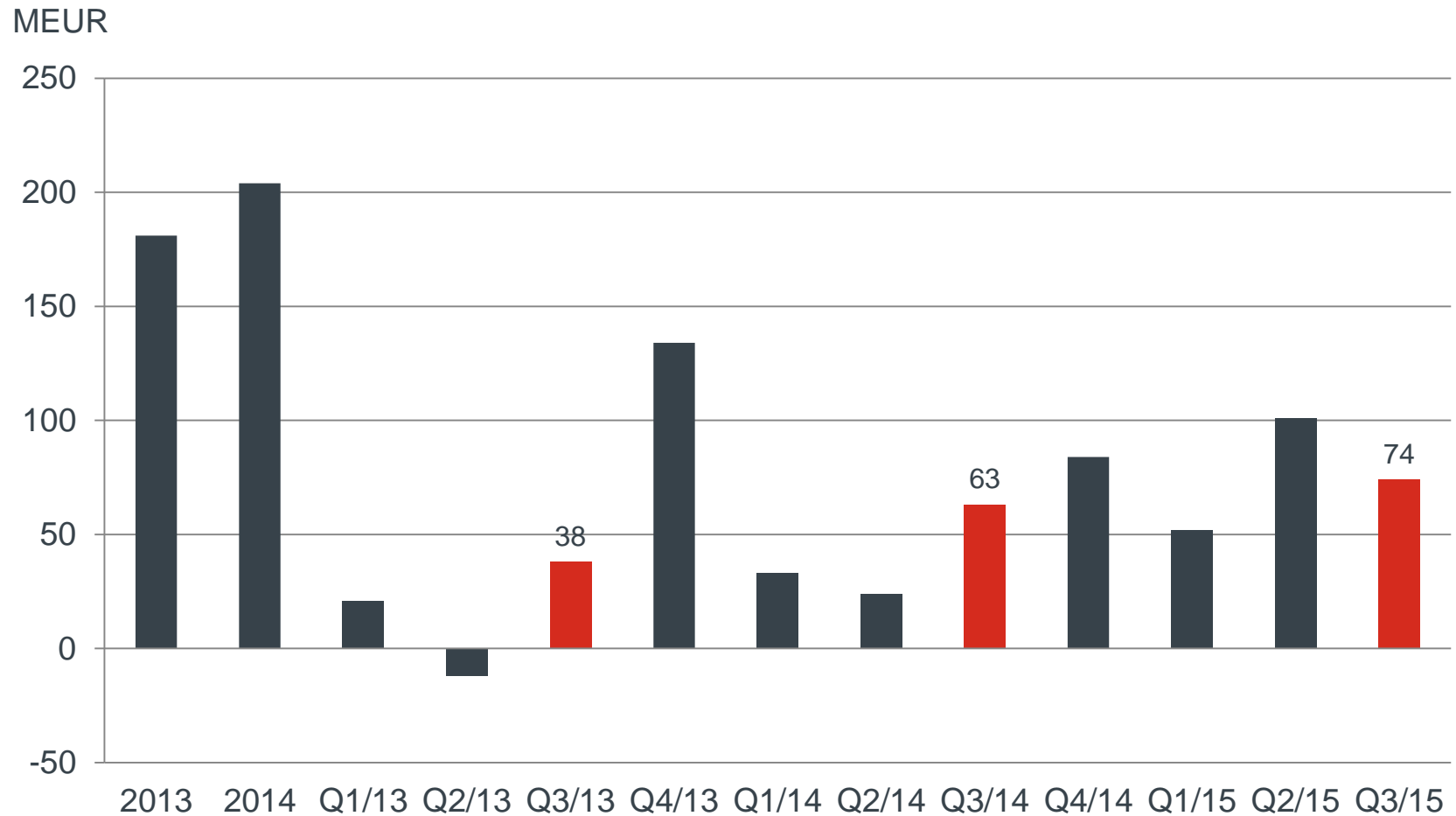


# Hiab Q3 – profitability improved further

- Orders grew 21% y-o-y to EUR 239 (197) million
- Order book strengthened 14% from 2014 year-end
- Sales grew 14% y-o-y to EUR 229 (200) million
- Profitability excluding restructuring costs was 11.0%

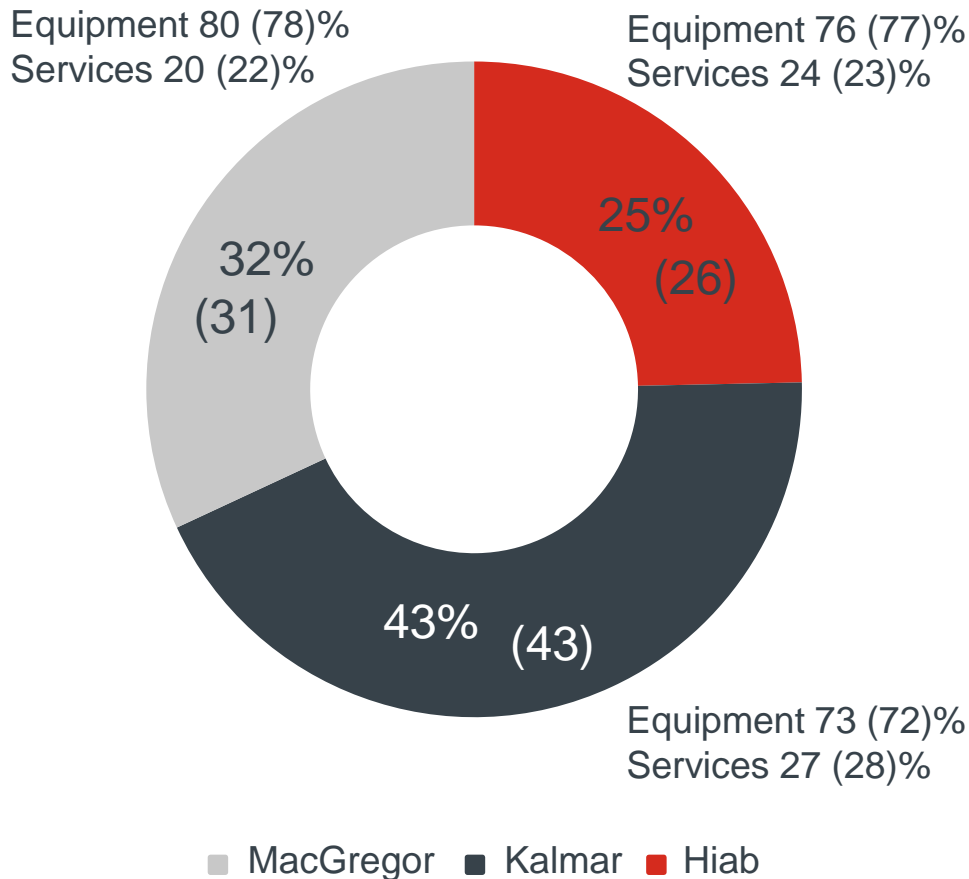


# Cash flow from operations strong

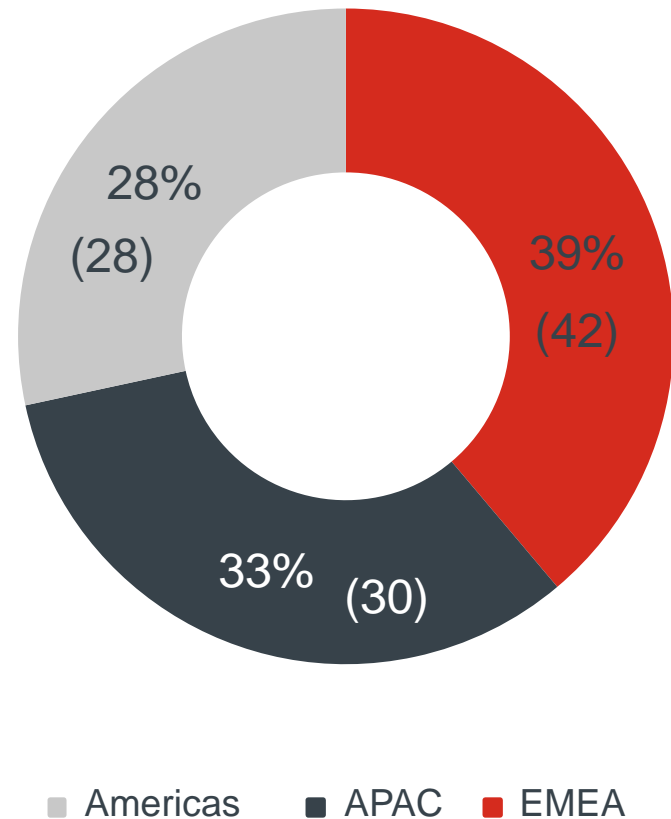


# Balanced geographical mix in sales

Sales by reporting segment 1-9/2015, %

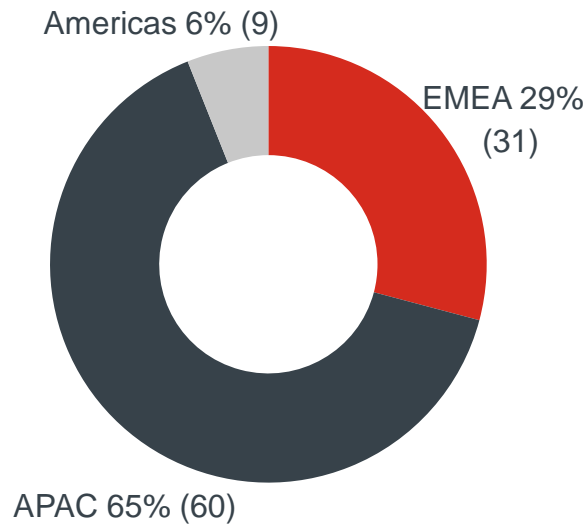


Sales by geographical segment 1-9/2015, %

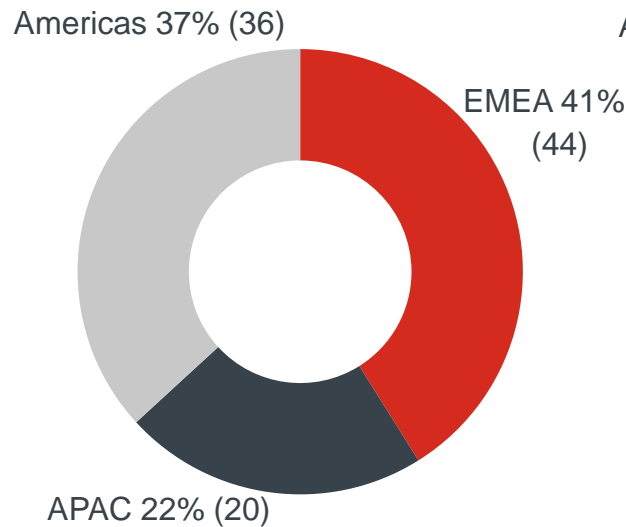


# Sales by geographical segment by business area 1–9/2015

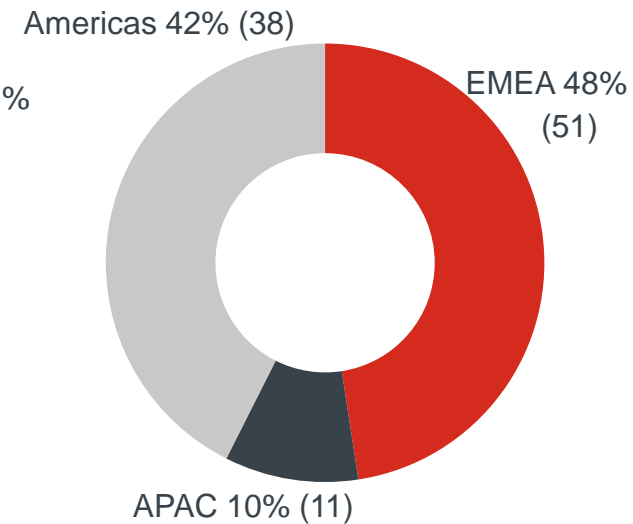
## MacGregor



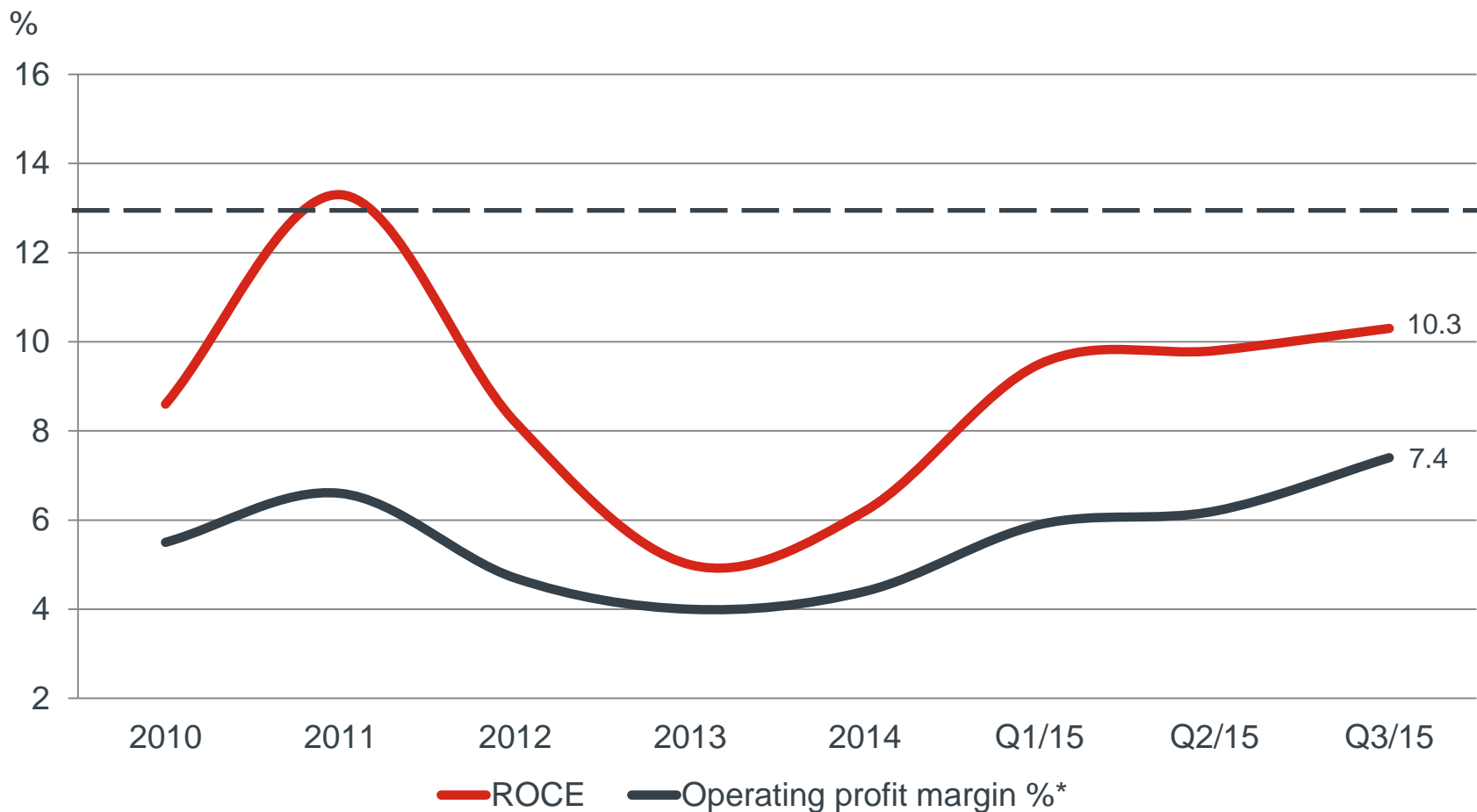
## Kalmar



## Hiab



# Return on capital (ROCE) improved towards the >13% target level



ROCE, annualised  
\*excluding restructuring costs

# Outlook unchanged

- Cargotec's 2015 sales are expected to grow from 2014 (3,358 MEUR).
- Operating profit excluding restructuring costs for 2015 is expected to improve from 2014 (149.3 MEUR).



