

# Handelsbanken Mid/Small cap seminar, Stockholm 2014

Executive Vice President and CFO

# 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



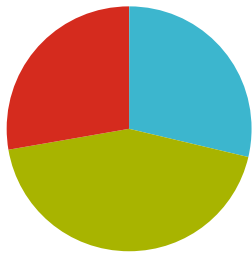
## Hiab

- 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



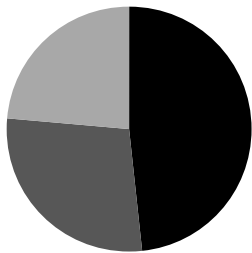
# Cargotec's business basics

Cargotec sales split in 1-3/2013



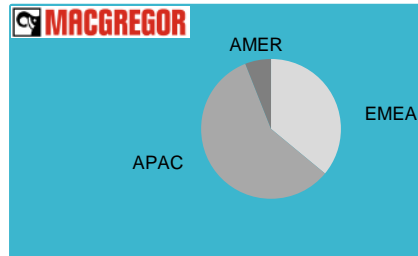
■ MacGregor ■ Kalmar ■ Hiab

Cargotec geographical split of sales in 1-3/2014

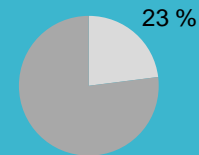


■ EMEA ■ APAC ■ AMER

Geographical split of sales in 1-3/2014



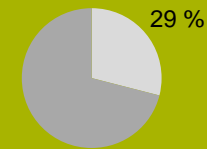
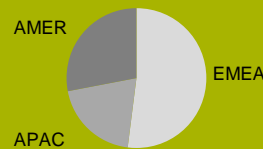
Services share of sales in 1-3/2014



Order to delivery lead time

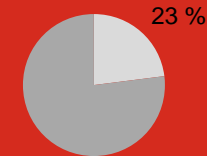
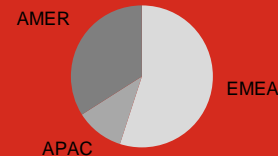
12-24 months

**KALMAR**



6-9 months

**HIAB**



2-4 months

# Focus on integrated systems and solutions

## Comprehensive product coverage

		Cranes	Hatch covers	RoRo equipment	Offshore cranes	Winches	Mooring systems	Service	
Merchant ships	Bulk carrier	X	X			X		X	Customers
	Container ship	X	X			X		X	
	General cargo ship	X	X	X		X		X	
	Naval ship	X	X			X		X	
	RoRo ship	X	X	X		X		X	
	Tanker	X				X		X	
	Trans-loader	X	X			X		X	
Offshore ships	OFS subsea		X	X	X	X	X	X	Customers
	OFS AHTS				X	X	X	X	
	OFS tug					X	X	X	
	New ship types								

RoRo=roll-on/roll-off, OFS=offshore, AHTS=anchor handling, towing, supply

# Integration of acquisitions ongoing in MacGregor

- Hatlapa consolidated in segment as of 1 Nov 2013 and MLS as of 1 Feb 2014
- MacGregor is seeking significant synergy gains that will improve profitability
  - The impact is dependent on the efficiency and speed of the integration
  - Synergy gains will be mainly be realised from new sales and efficiency improvement in supply chain
    - Due to long lead times in the business, the impact of new sales and supply chain synergies will become more visible in profitability from 2015
  - In 2014, MacGregor targets new orders for a total value exceeding EUR 50 million with the new combined offering





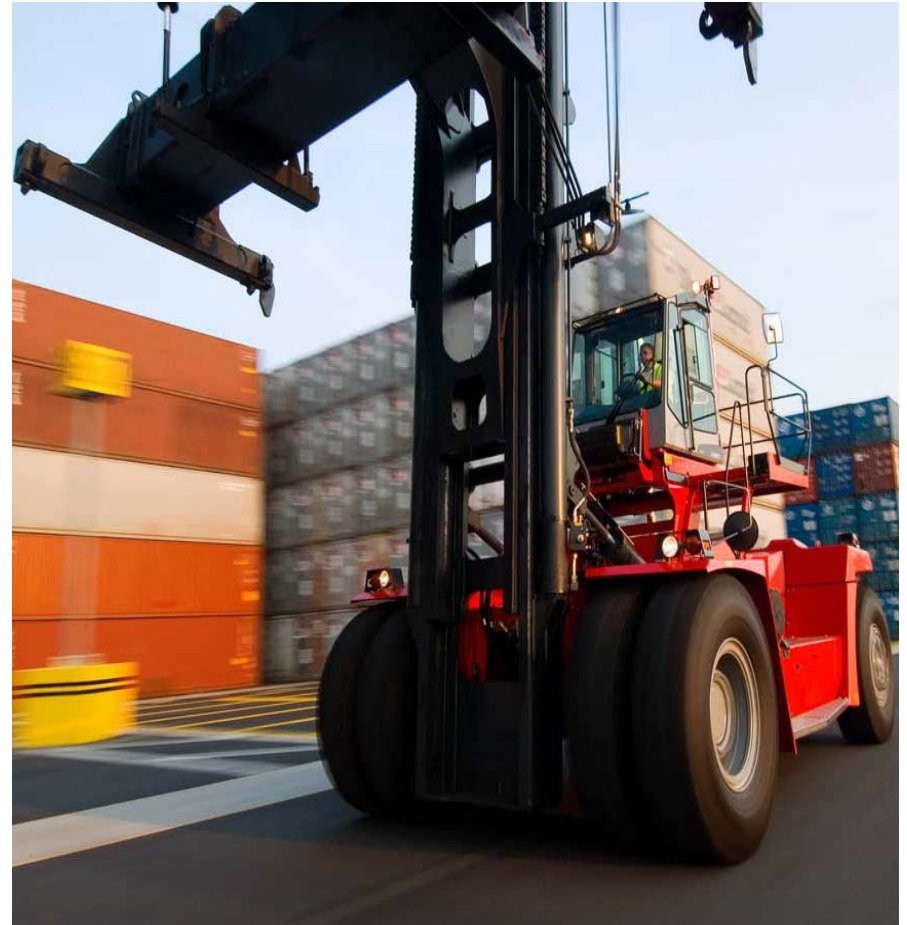
# Kalmar has a leading position in port automation

- First fully automated straddle carrier terminal
- Strategic acquisitions
- Technology Centre in Tampere
- On-going mega terminal projects
- More than hundred SmartPort process automation deployments
- Navis market share in TOS about 20%



# Kalmar is well equipped to respond to the industry trends and grow profitably

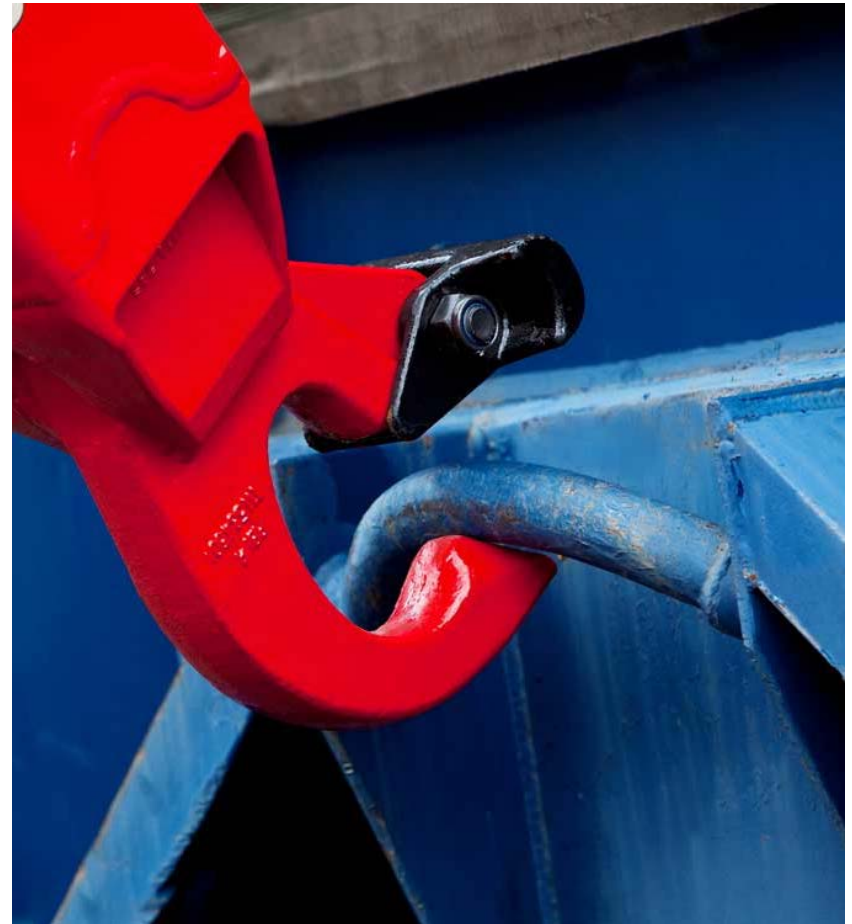
- Good products as foundation
- Unique automation offering
- Strong focus on services
  - Modular services products
  - Crane refurbishment





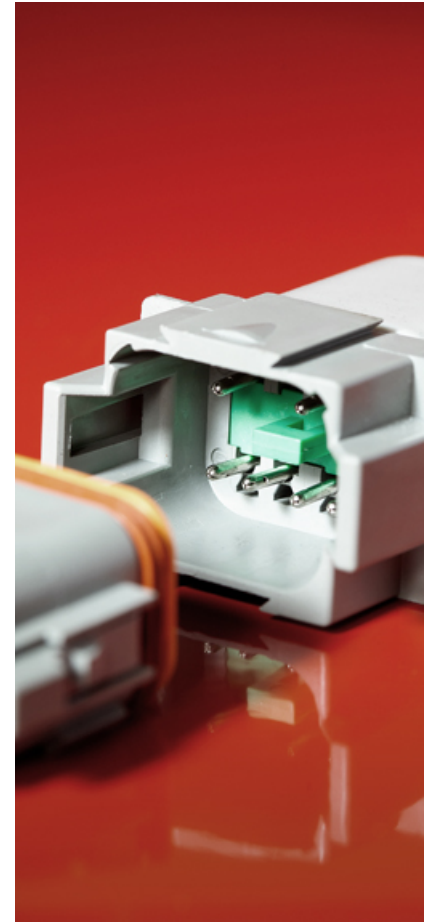
# Hiab strategic priorities 2014

- Deliver profitability improvement and cost reduction in all areas of Hiab
- Drive professional sales and price management and distribution footprint
- Drive design to cost and new product introductions
- Build cost control and performance culture



# Improving margins by reducing costs in Hiab

- Design-to-cost process started in all product lines in 2013
  - Supplier consolidation
  - Changes in design
- No in-house component production
  - Outsourcing completed in Hudiksvall, Sweden and Dundalk, Ireland
- Global sourcing footprint moving from high cost to low cost countries
- Average material cost reduction of 5–10 percent
- Product portfolio streamlining
- Numerous new products



# Range of services we provide



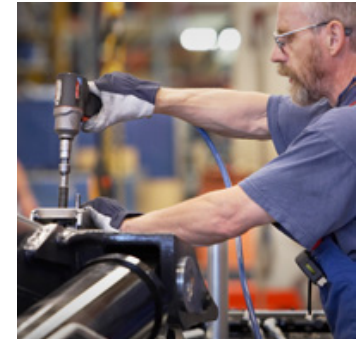
Parts & logistics



Cranes services



Dry-docking services



Installations services



Repairs & maintenance



Rental & pre-owned equipment



Modernisation & conversions



Accessories

# Cargotec financial targets

## 2014

- Due to on-going turnaround activities focus in short-term profit improvement
- 40 MEUR run-rate improvement by end of 2014 on 2013 EBIT both in Kalmar and Hiab
- MacGregor's EBIT impacted by slow recovery in merchant ship market, delivery mix as well as M&A related integration costs

## Long-term financial targets

- Gearing below 50 percent
- Dividend 30–50 percent of earnings per share
- Cargotec will revert to longer term profitability and return targets during 2014

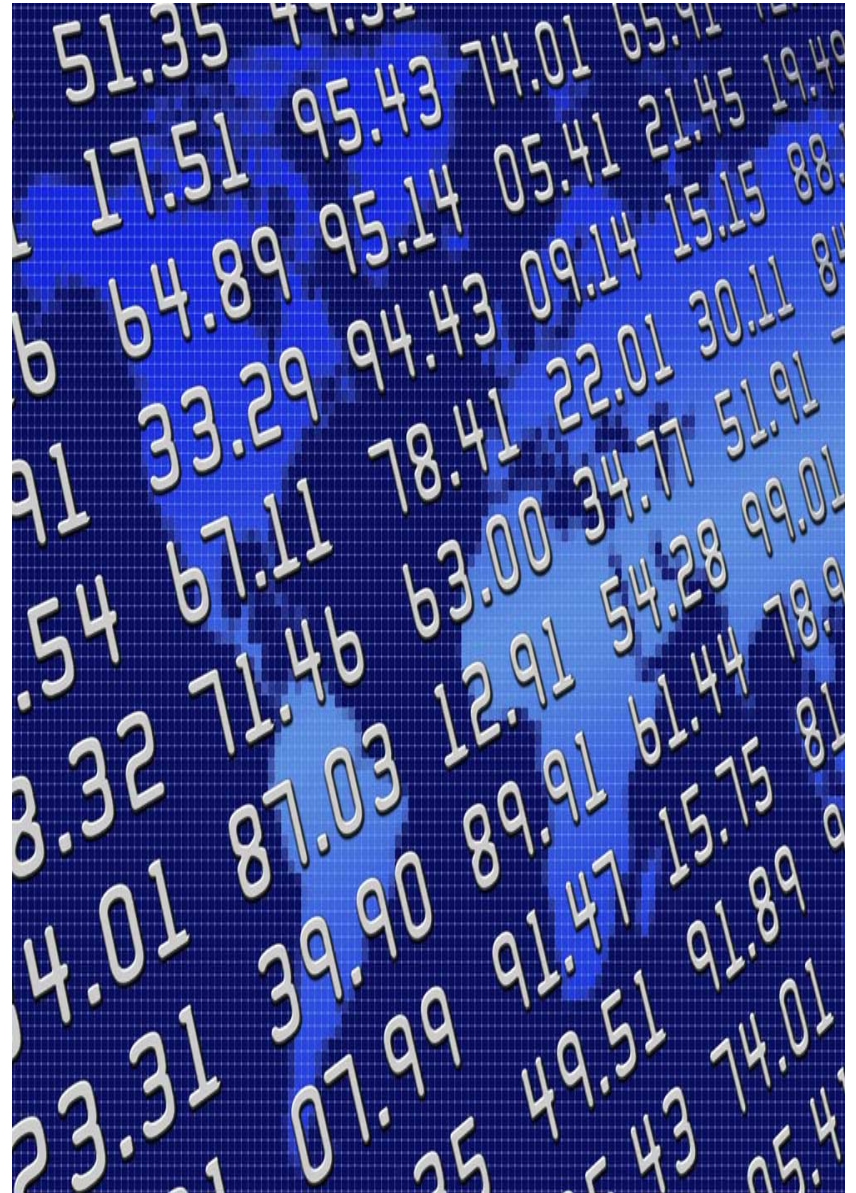
# Cargotec's must-win battles

- Turning Hiab's high business potential into profitability
- Building the MacGregor growth platform with the successful integration of acquisitions
- Ensuring Kalmar's competitiveness and profitability in mobile equipment
- Profitable future growth in services in Kalmar and MacGregor
- Building Kalmar as a sustainable leader in container handling automation





# January–March financials





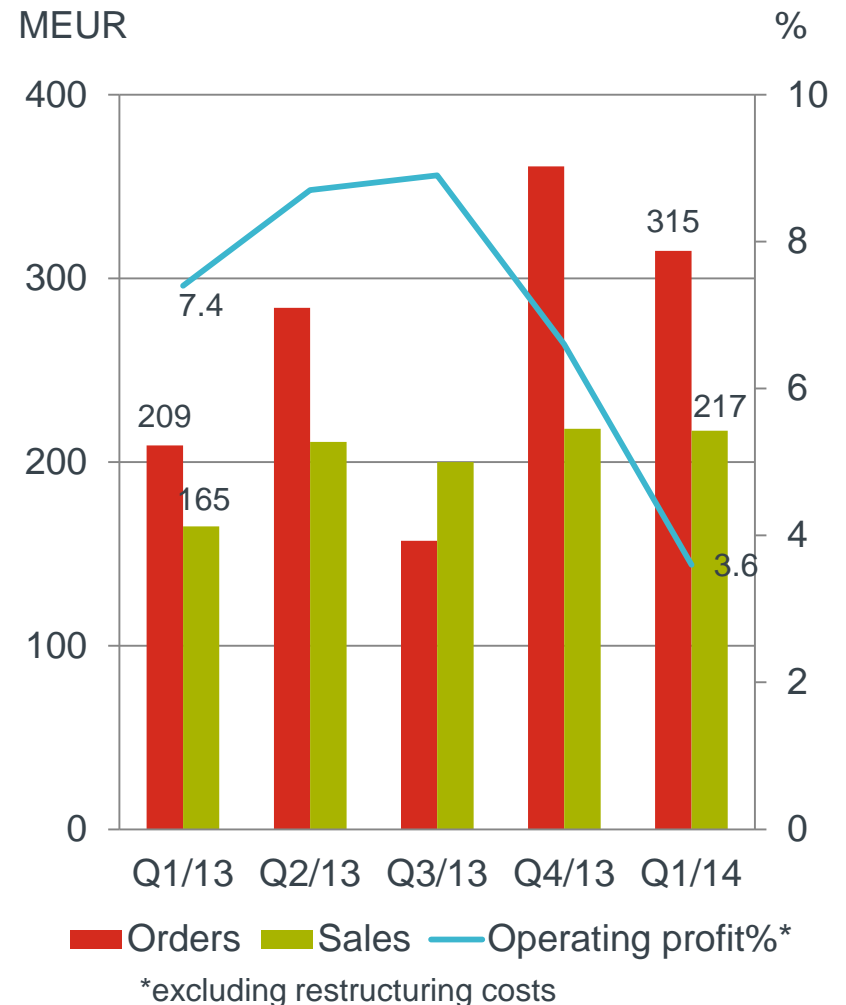
# January–March key figures

	Q1/14	Q1/13	Change	2013
Orders received, MEUR	863	791	9%	3,307
Order book, MEUR	2,111	2,203	-4%	1,980
Sales, MEUR	751	679	11%	3,181
Operating profit, MEUR*	24.6	15.0	65%	126.5
Operating profit margin, %*	3.3	2.2		4.0
Cash flow from operations, MEUR	32.5	21.2		180.9
Interest-bearing net debt, MEUR	824	506		578
Earnings per share, EUR	0.20	0.10		0.89

\*excluding restructuring costs

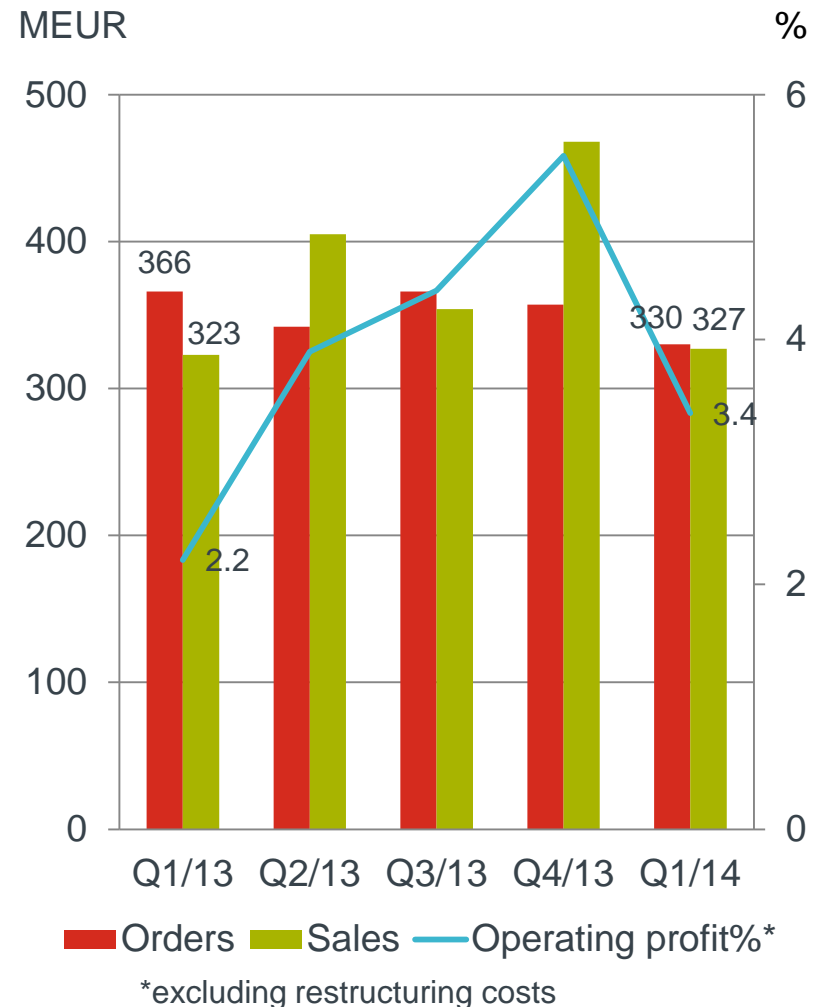
# MacGregor Q1 – delivery mix as well as acquisition related depreciation, amortisation and one-off costs burdened profitability

- Order intake grew 50% y-o-y to EUR 315 (209) million
  - Contribution of acquired businesses EUR 64 million
- Demand and supply in shipping remain unstable, causing uncertainty about future levels of activity in marine cargo handling market
- Offshore market remained active throughout the quarter and outperformed the merchant ship market
- Services showed some signs of recovery
- Sales grew 32% y-o-y to EUR 217 (165) million
  - Contribution of acquired businesses EUR 49 million
- Profitability 3.6% (excluding restructuring)
  - Larger share of offshore business as well as low delivery volume in merchant ship segment
  - PPA depreciation and amortisation EUR 2.1 million (approx. EUR 10 million annually) and other one-time cost EUR 1.8 million
  - One-time acquisition costs EUR 1.2 million



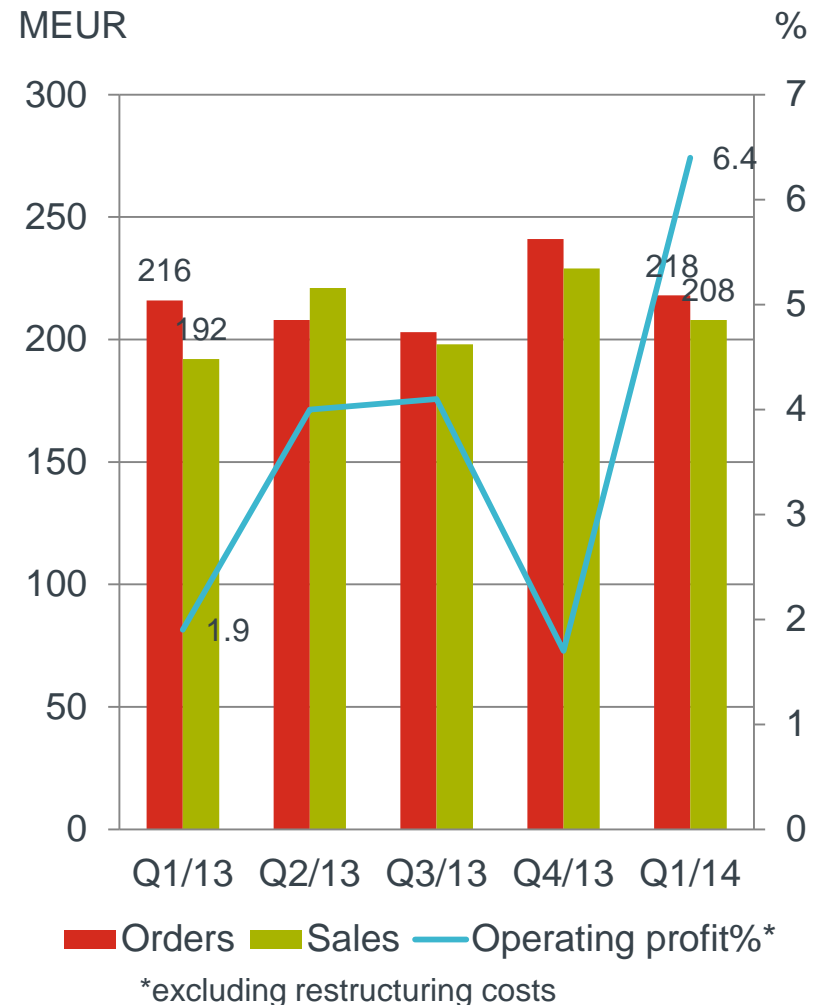
# Kalmar Q1 – profitability improved despite cost overruns in projects

- Demand for container handling equipment and automation solutions in ports was stable
- In Europe and the Americas, demand was healthy while in Asia customers hesitated in investment decisions
- Demand for services was healthy
- Order intake fell 10% y-o-y to EUR 330 (366) million
- Sales were at comparison period's level at EUR 327 (323) million
- Profitability excluding restructuring costs was 3.4%
  - Additional costs of EUR 9 million mainly in one ship-to-shore crane project dating to 2012 (Q1 2013: 5 MEUR)
- Period-end order book includes EUR 35 million of problem projects



# Hiab Q1 – efficiency improvement actions improved profitability

- Demand for load handling equipment was flat. Demand was highest for truck-mounted forklifts and tail lifts.
- Demand for services was healthy
- Orders were at comparison period's level at EUR 218 (216) million
- Sales grew 8% y-o-y to EUR 208 (192) million
- Profitability excluding restructuring costs was 6.4%
  - Improvement in gross margin and service business profitability as well as sales and service network rationalisation began to be reflected in profitability



# Outlook unchanged

- Cargotec's 2014 sales are expected to grow from 2013.
- Operating profit excluding restructuring costs for 2014 is expected to improve from 2013.



