

Q3 2014 London road show 27-28 November 2014

Executive Vice President and CFO Eeva Sipilä

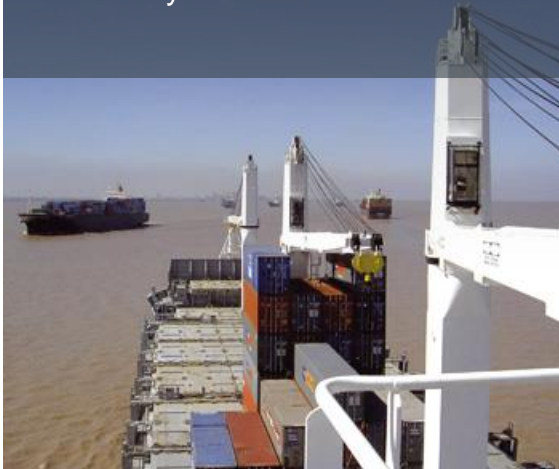
Cargotec in brief



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



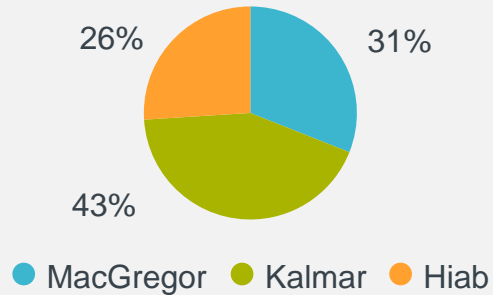
Hiab

- 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

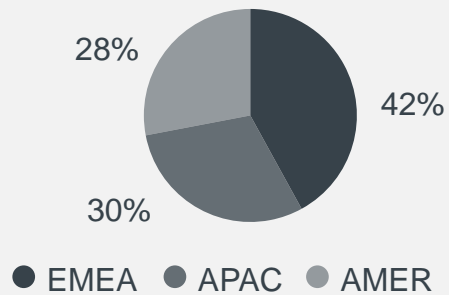


Cargotec's business basics

Cargotec sales split in 1-9/2013

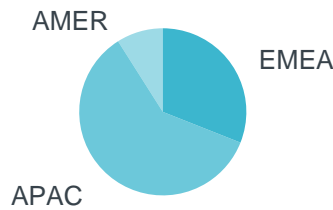


Cargotec geographical split of sales in 1-9/2014



Geographical split of sales in 1-9/2014

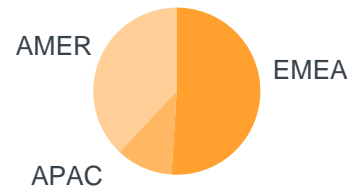
MacGregor



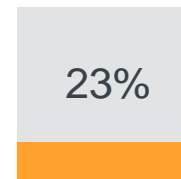
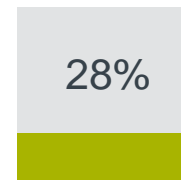
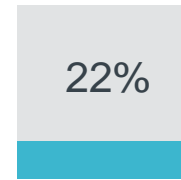
Kalmar



Hiab



Services share of sales in 1-9/2014



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



Cargotec's must wins 2013–2014

- Converting Hiab's high business potential into profitability
- Creating solid platform for growth through successful integration of acquisitions in MacGregor
- Safeguarding competitiveness in mobile equipment in Kalmar
- Driving services offering development and growth in MacGregor and Kalmar
- Driving growth in automation in Kalmar



Cargotec's must wins 2014–2015

- Driving Hiab to best in class profitability and capital return
- Driving MacGregor profitability over the cycle through better effectiveness
- Safeguarding competitiveness in mobile equipment in Kalmar
- Driving services offering development and growth in MacGregor and Kalmar
- Driving growth in automation in Kalmar



Enabling better performance



Building world class business platforms



Performance culture



Better control, predictability and capital returns



Embracing digitalisation

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

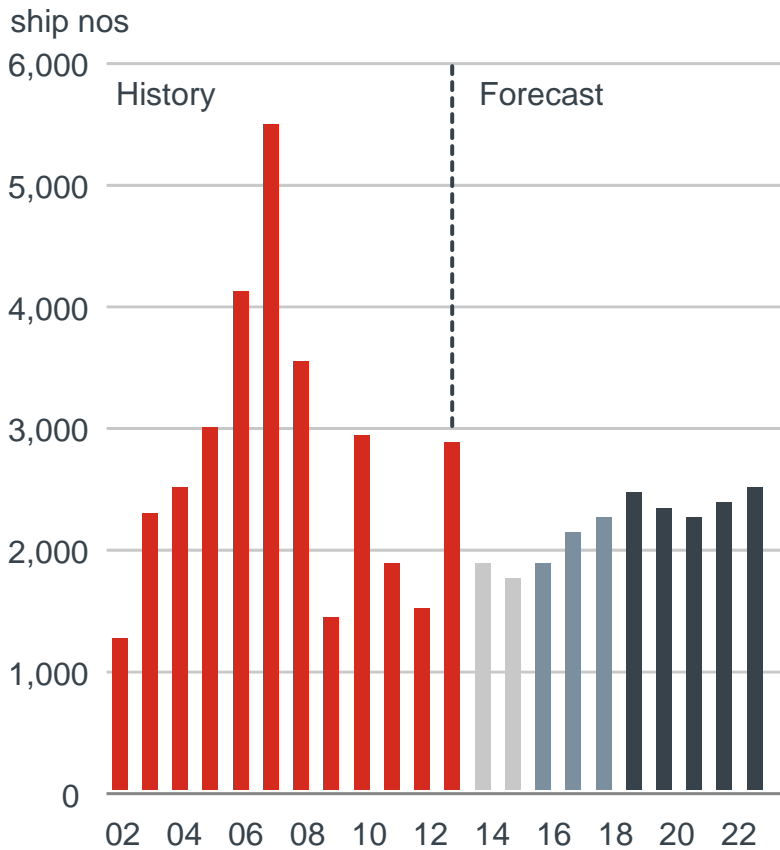


MacGregor

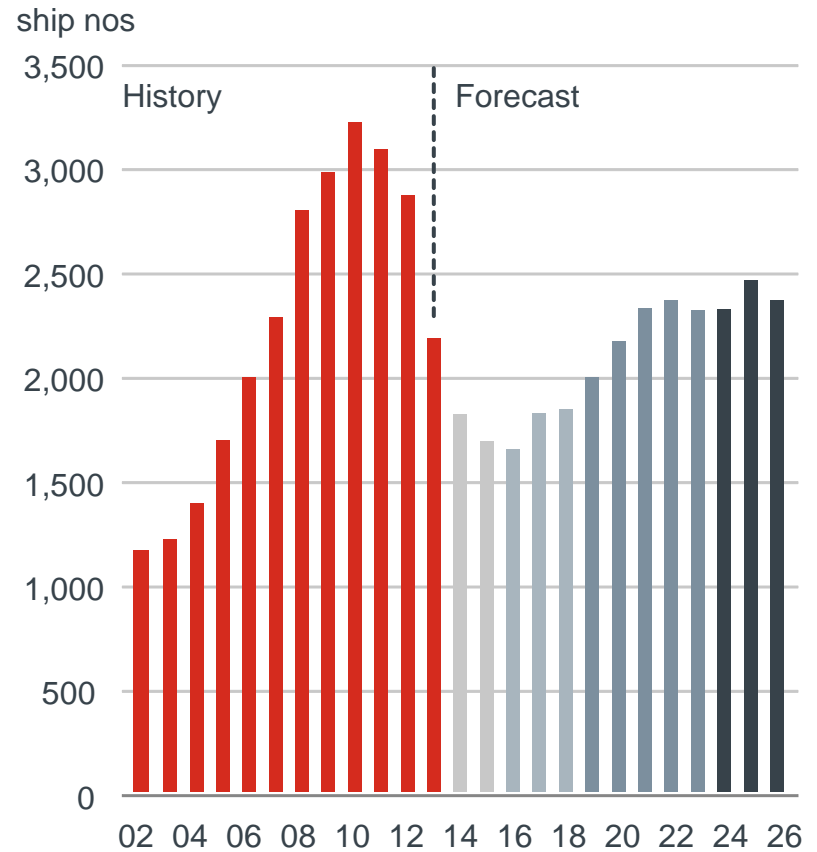


Contracting forecast reflects imbalance in the merchant ship market

Long-term contracting 2002–2023



World fleet additions 2002–2026



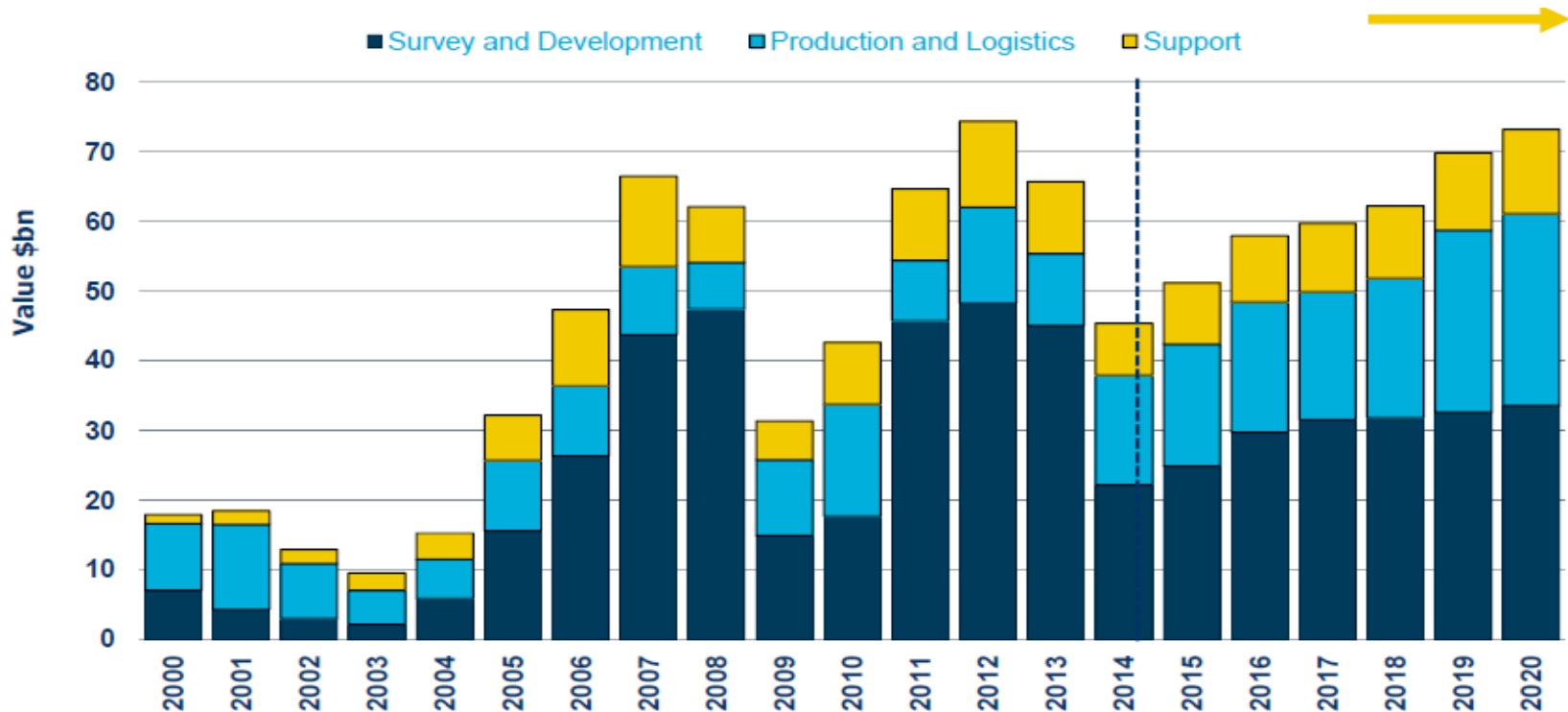
Source: Clarkson Newbuilding Market Forecast, September 2014

Deep-sea production requires bigger, versatile and more complicated offshore vessels

Contracting in US\$ billion

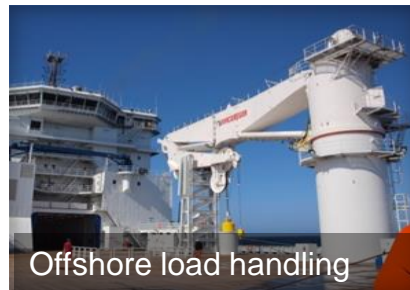
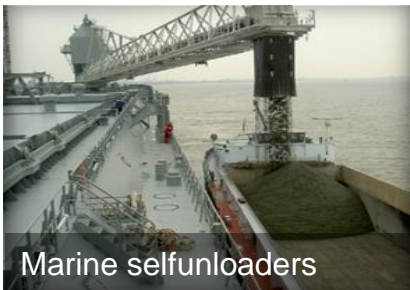
Total mobile offshore contracting

Long-term
forecast average
\$62 billion



Source: Clarkson February 2014

Strong positions in merchant ship and offshore markets



Financial impact of synergies seen in order intake and material cost reduction

Orders 2014



■ Acquisitions ■ Synergies
■ Legacy MacGregor

Sales 2014



■ Acquisitions ■ Synergies
■ Legacy MacGregor

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 +

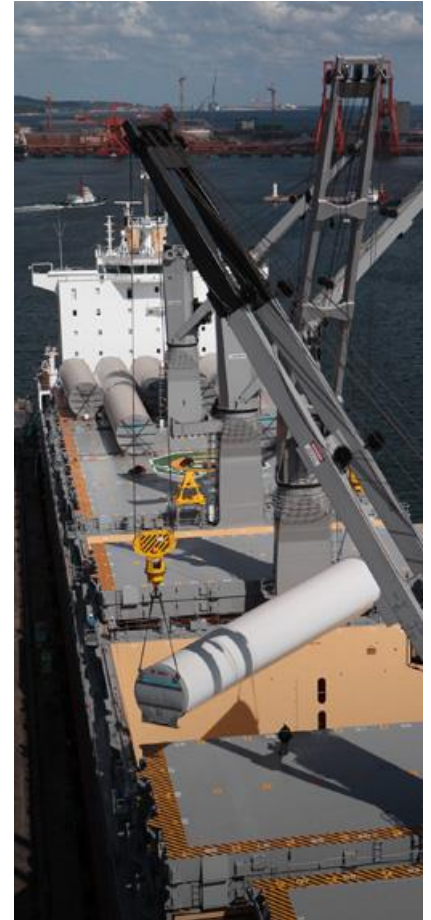
Effectiveness

- Leveraging technology and R&D
- Design to value

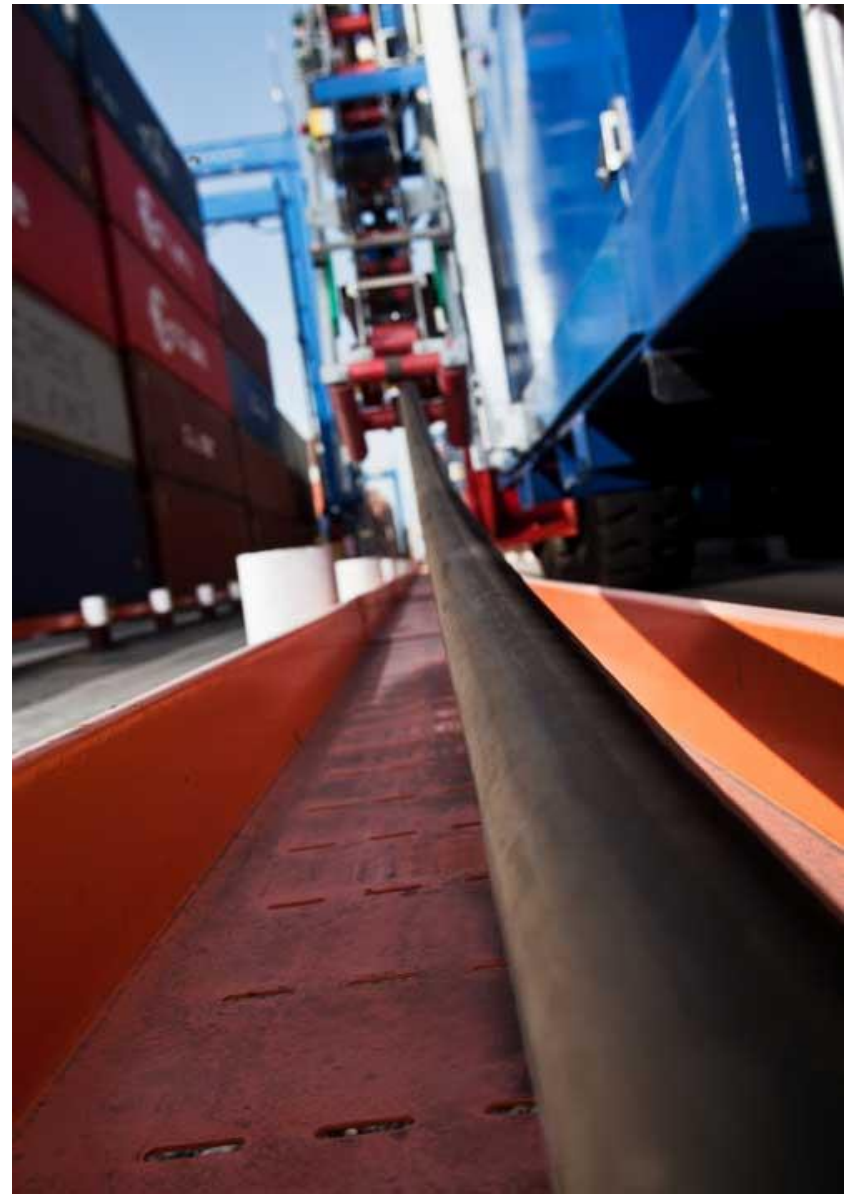
2% product margin improvement

MacGregor mid-term outlook

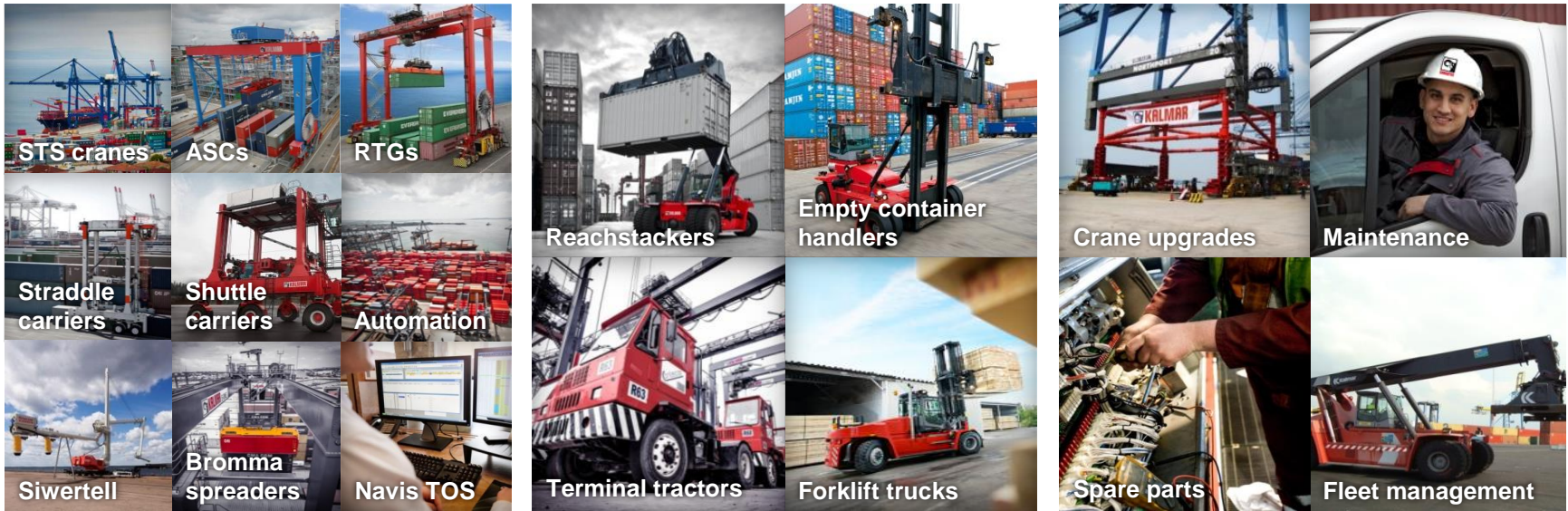
- Moderate growth for merchant, offshore outlook remains positive
- Margin impacted by low volumes, competitive environment, one-time costs and delivery mix
- Integration and synergies on target
- Building platform for growth
- Key improvement actions started, impact visible 2016 onwards



Kalmar



Kalmar business mix has changed



Terminal projects

30% ↘

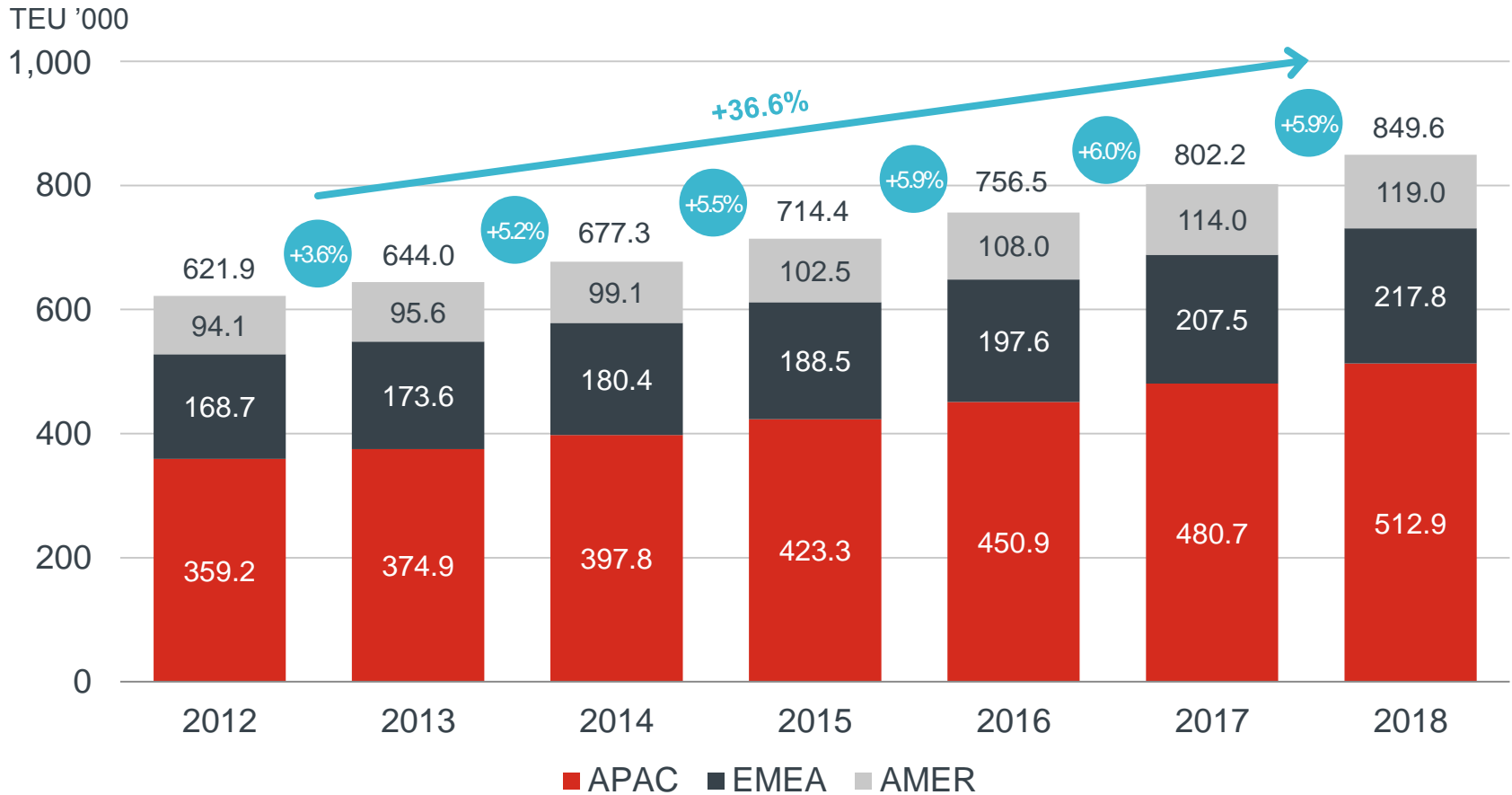
Equipment

42% ↗

Services

28% ↗

Container throughput forecast illustrates that Kalmar is in a growth business



Source: Drewry: Container forecaster Q3 2014, Base case, October 2014

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



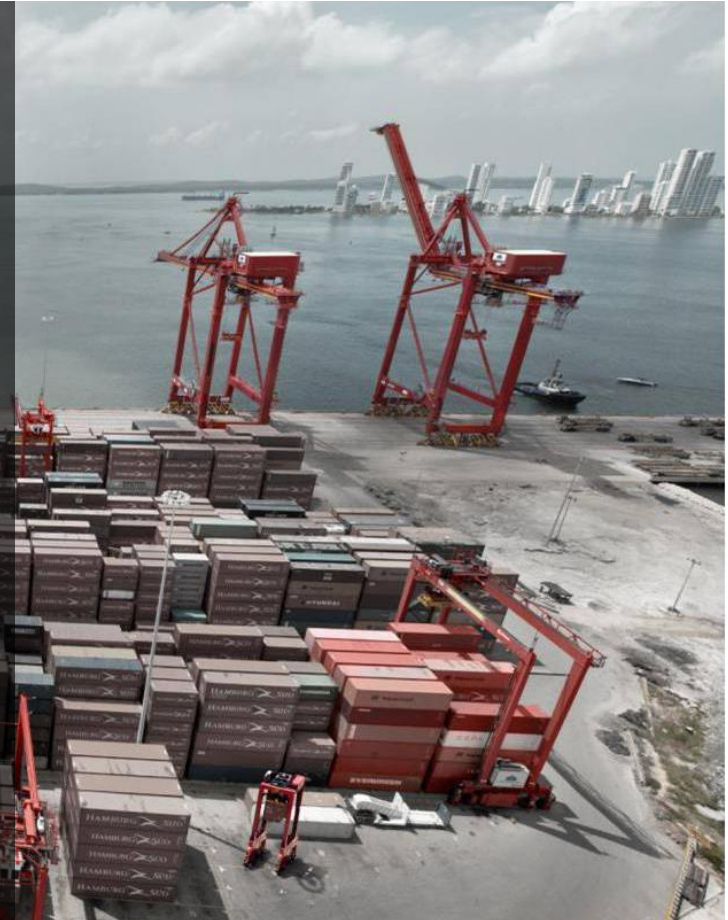
Services development continues in all areas

- 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

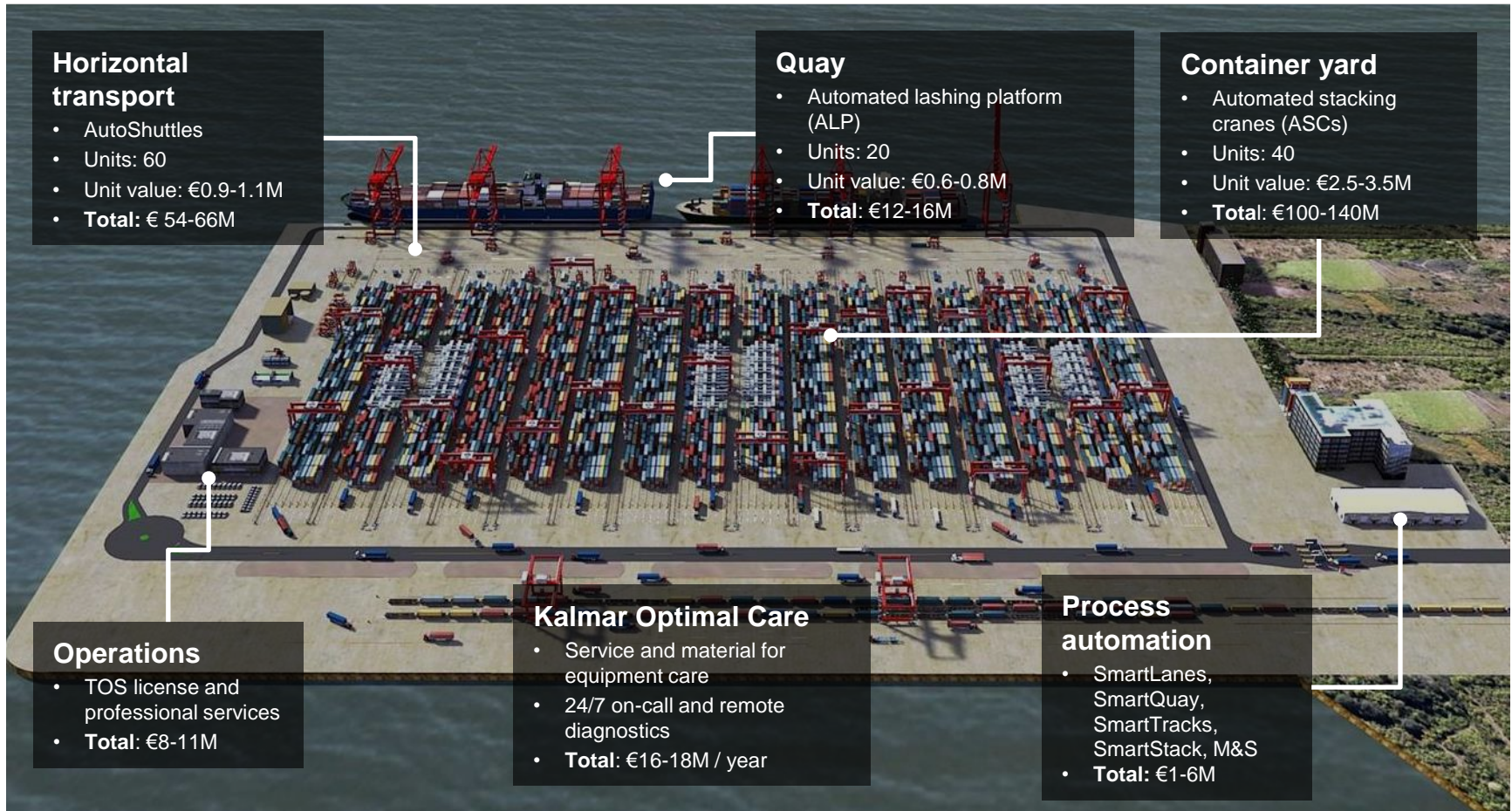
- Terminals are looking for different types of automation
 - Currently approx. 25 projects on-going or planned
 - Expected 20 more projects in coming five years
- Greenfield projects = New automated terminals, expansion of current automated terminals or conversions of existing manual operations
 - Currently 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



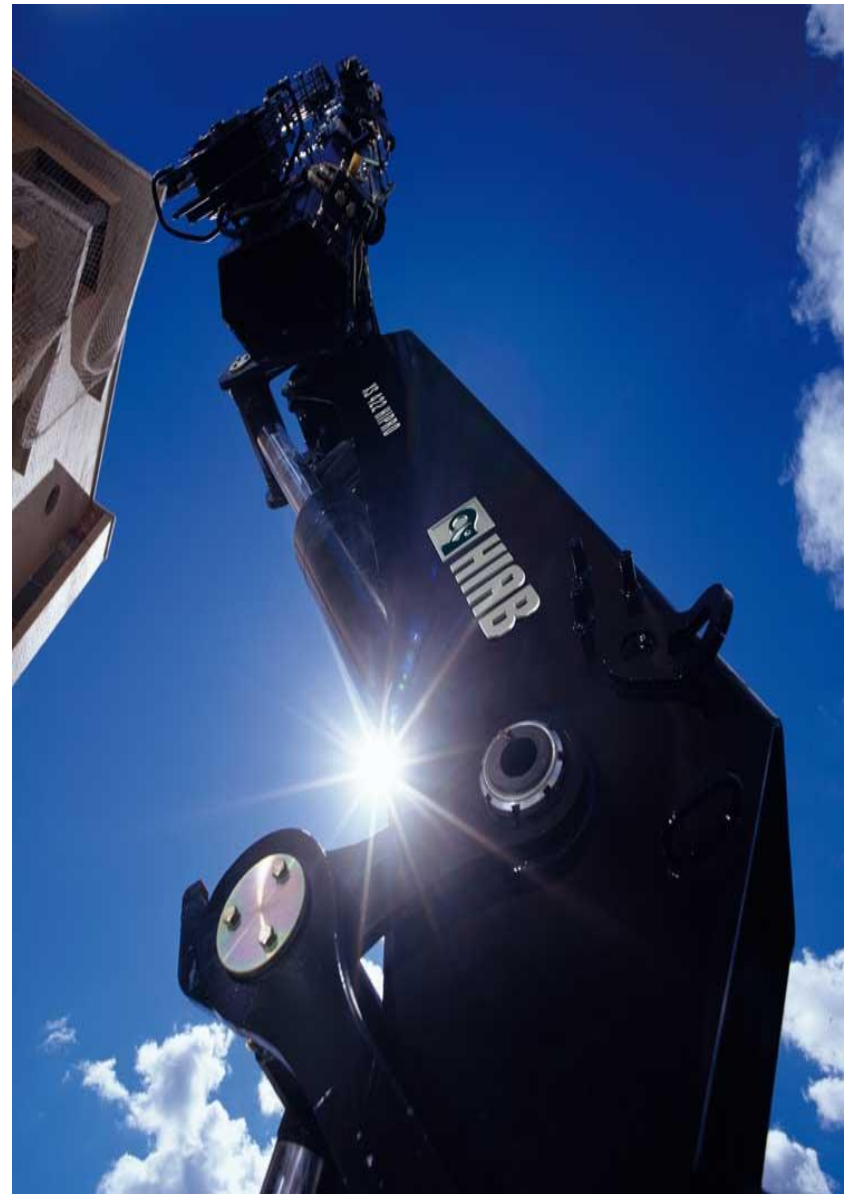
Example of an automated terminal project

TERMINAL CAPACITY: 3 MILLION TEU / YEAR

TOTAL KALMAR SCOPE APPROX. EUR 190-260 MILLION

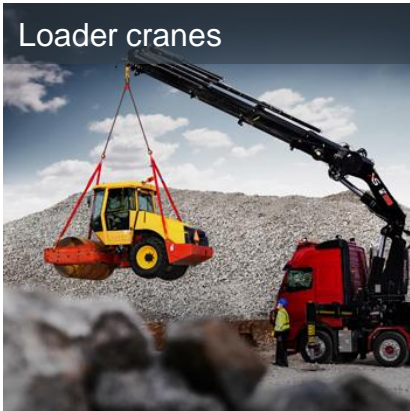


Hiab

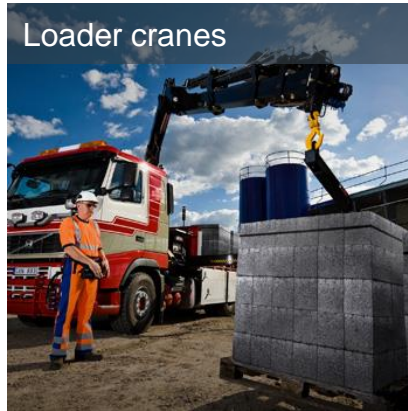


Hiab offering

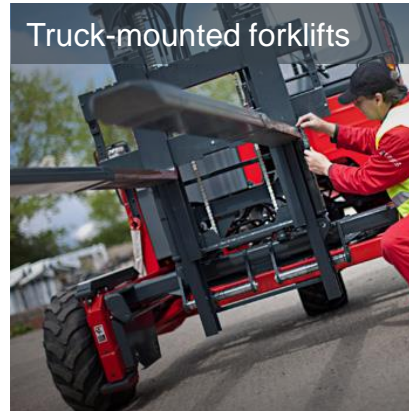
Loader cranes



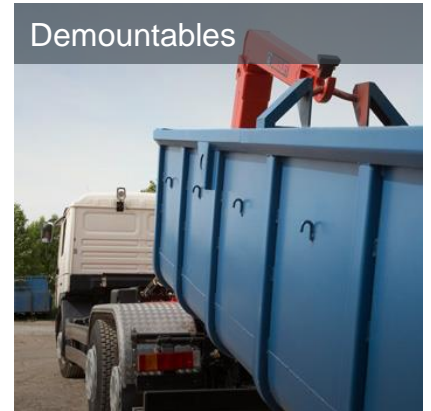
Loader cranes



Truck-mounted forklifts



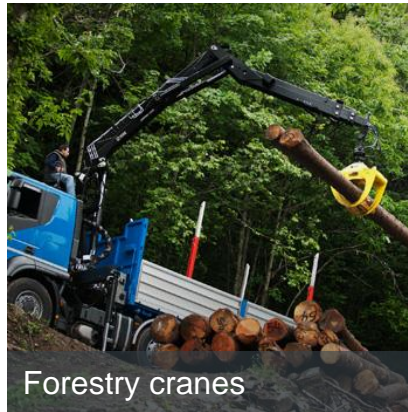
Demountables



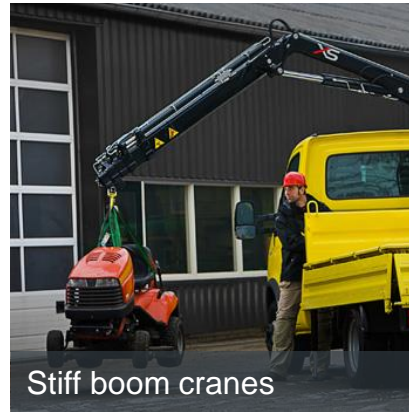
Tail lifts



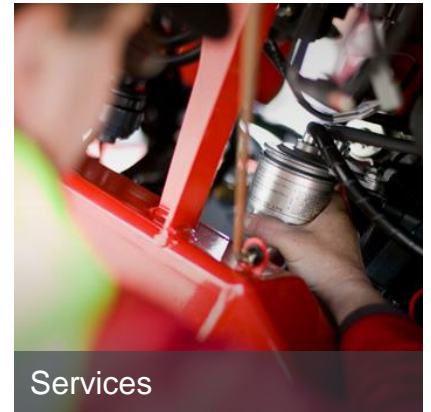
Forestry cranes



Stiff boom cranes

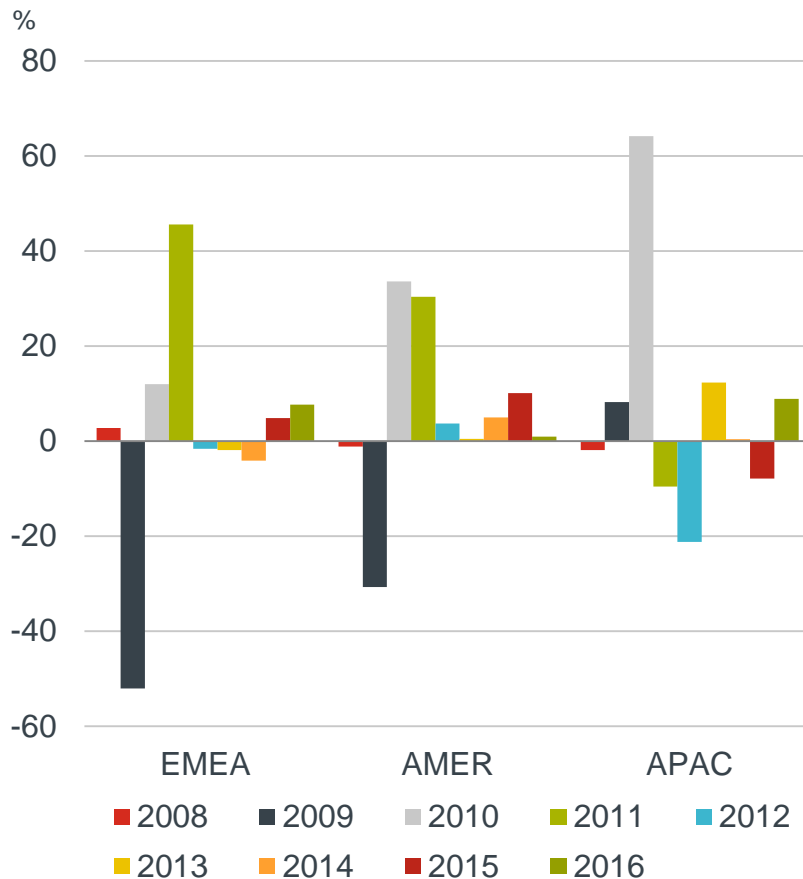


Services

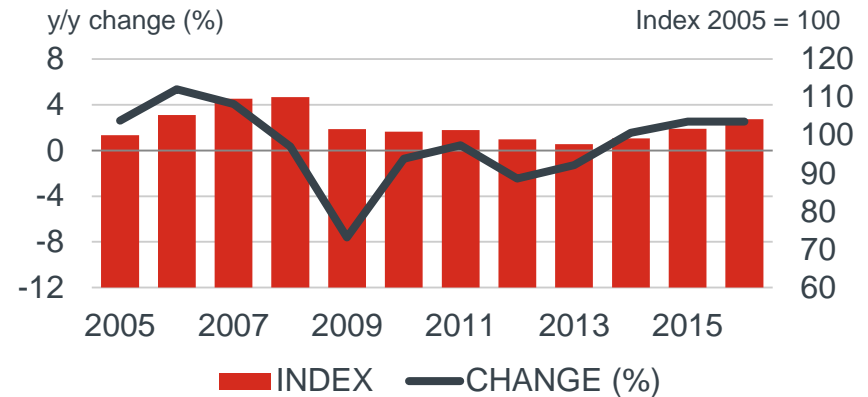


Two-fold market environment for Hiab

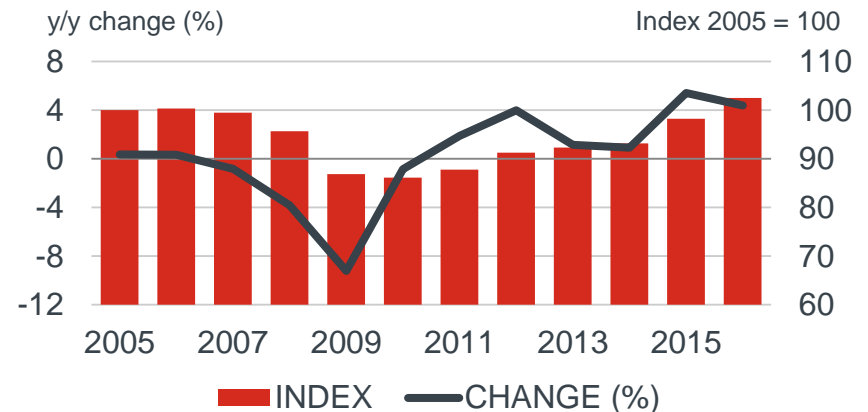
Truck sales growth GVW over 15 ton - regions



EMEA construction output



AMER construction output



Source: IHS Global Insight Q3/2014 forecast

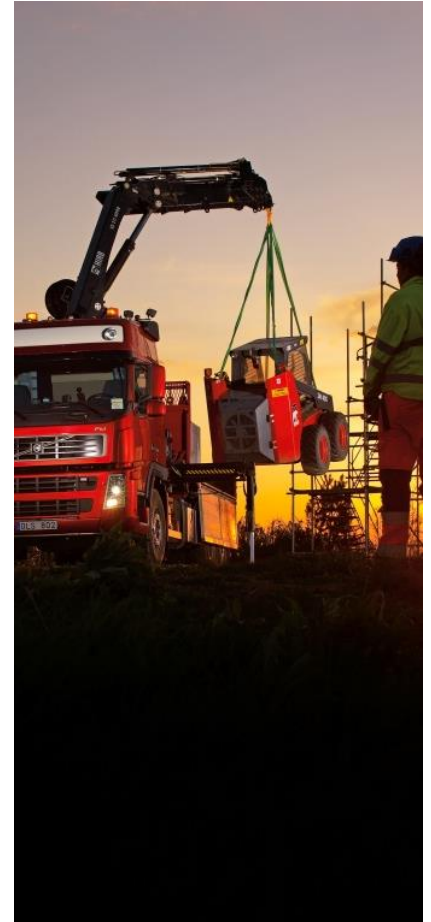
Route-to-market achievements

- Simplified organisation – less layers & lower cost
- Built key expertise around sales, services and dealer management
- New dealer operating standards
- Outsourced and divested dealerships and service workshops

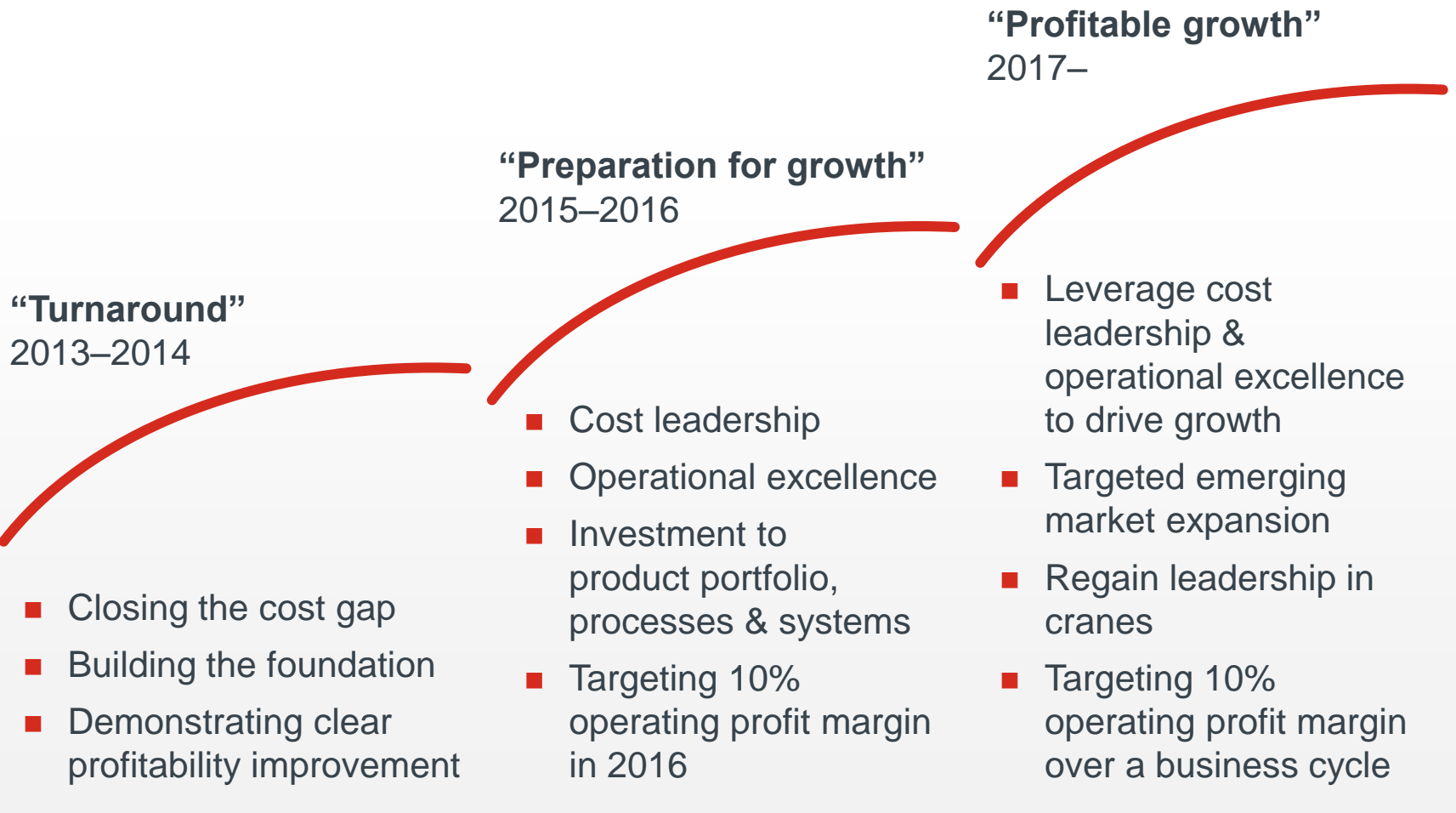


Achievements in gross margin and overheads improvements

- The aim was to achieve a run-rate improvement of EUR 40 million by the end of 2014. Hiab is well on track in delivering on this promise and is proceeding ahead of schedule
- Design-to-cost process contributes to gross margin for all products
- Continuous work to consolidate our supplier base to low cost countries
- Price realisation & discount management



Building a sustainably profitable and growing business



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 Q3

- Orders grew 15% y-o-y and totalled EUR 829 (724) million
 - With fixed currencies orders grew 17%
- Sales grew 12% y-o-y to EUR 840 (752) million
 - With fixed currencies sales grew 14%
- Operating profit excluding restructuring costs was EUR 48.4 (35.4) million or 5.8 (4.7)% of sales
- Operating profit was EUR 45.8 (31.2) million
- Cash flow from operations increased to EUR 63.4 (38.2) million
- Reorganisation launched in MacGregor



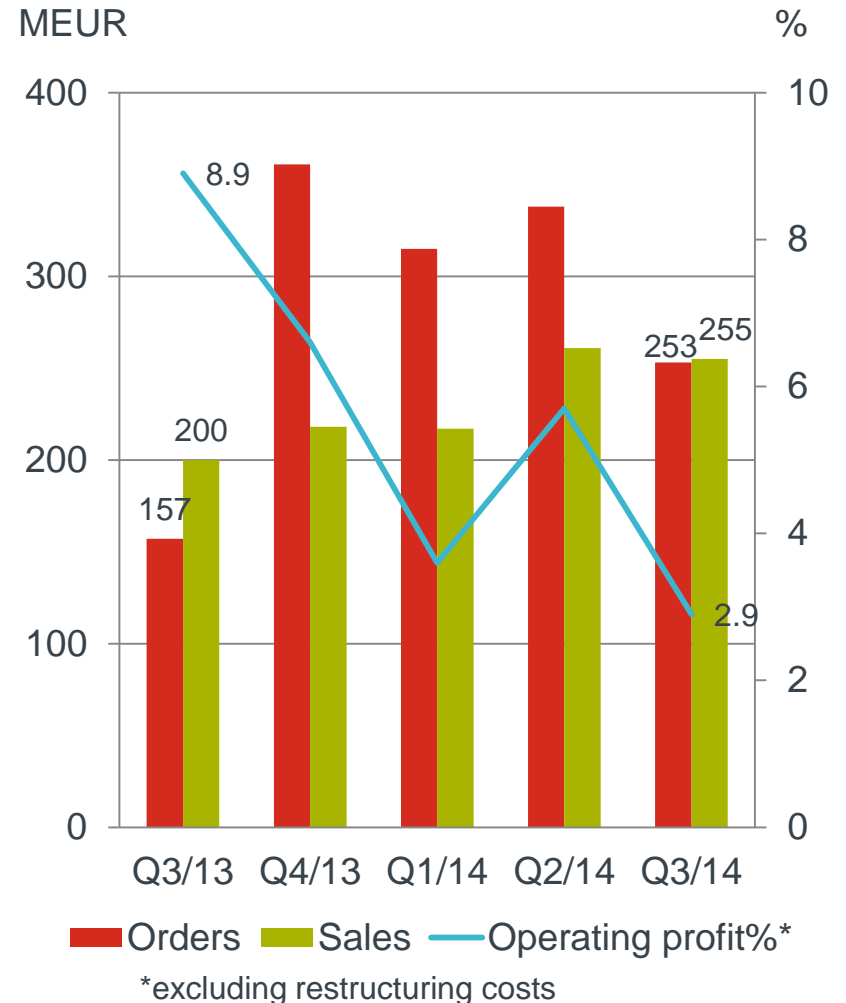
January–September key figures

	Q3/14	Q3/13	Change	Q1-Q3/14	Q1-Q3/13	Change	2013
Orders received, MEUR	829	724	15%	2,685	2,348	14%	3,307
Order book, MEUR	2,327	2,048	14%	2,327	2,048	14%	1,980
Sales, MEUR	840	752	12%	2,395	2,267	6%	3,181
Operating profit, MEUR*	48.4	35.4	37%	77.8	87.9	-12%	126.5
Operating profit margin, %*	5.8	4.7		3.2	3.9		4.0
Cash flow from operations, MEUR	63.4	38.2		120.3	47.0		180.9
Interest-bearing net debt, MEUR	835	577		835	577		578
Earnings per share, EUR	0.43	0.31		0.48	0.77		0.89

*excluding restructuring costs

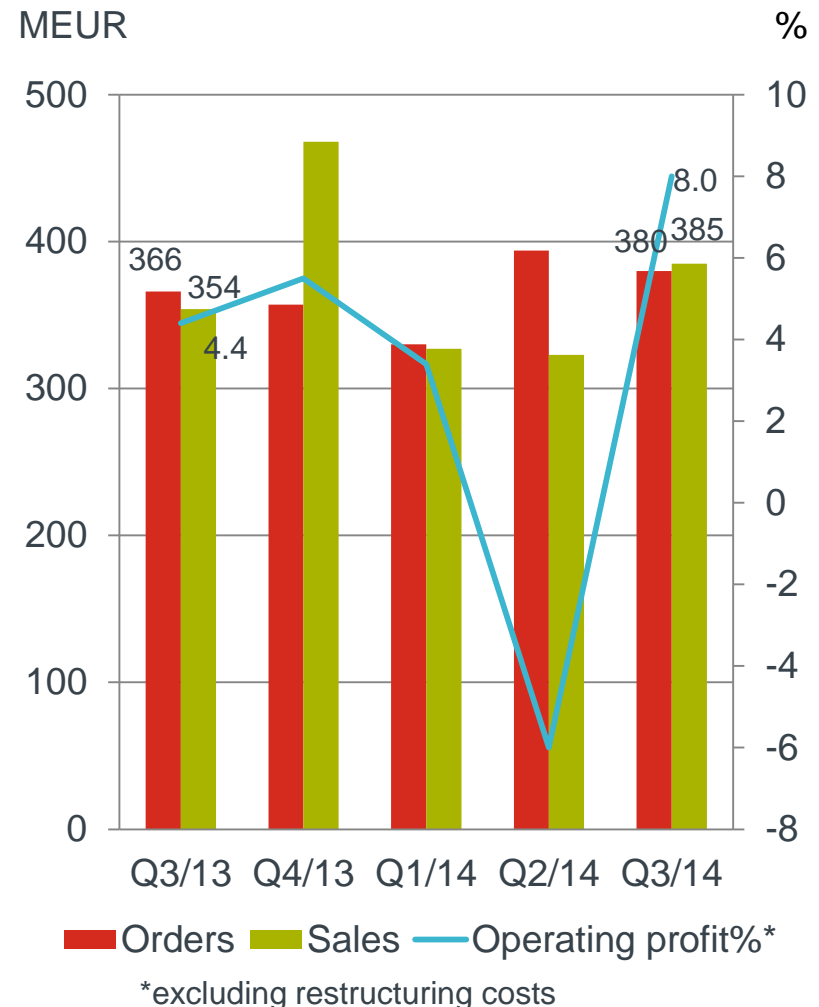
MacGregor Q3 – lower than average profitability in certain deliveries

- Order intake grew 61% y-o-y to EUR 253 (157) million
 - Contribution of acquired businesses EUR 73 million
- Market for marine cargo handling equipment remained stable
- Offshore cargo handling equipment market remained stable. Uncertainty in market, but deep-sea production and related lifting equipment market is still expected to grow faster than the overall offshore market
- Demand for services was satisfactory
- Sales grew 28% y-o-y to EUR 255 (200) million
 - Contribution of acquired businesses EUR 61 million
- Profitability excluding restructuring costs was 2.9%
 - Clearly lower-than-average profitability in certain deliveries
 - PPA depreciation and amortisation EUR 2.7 million (approx. EUR 10 million annually)



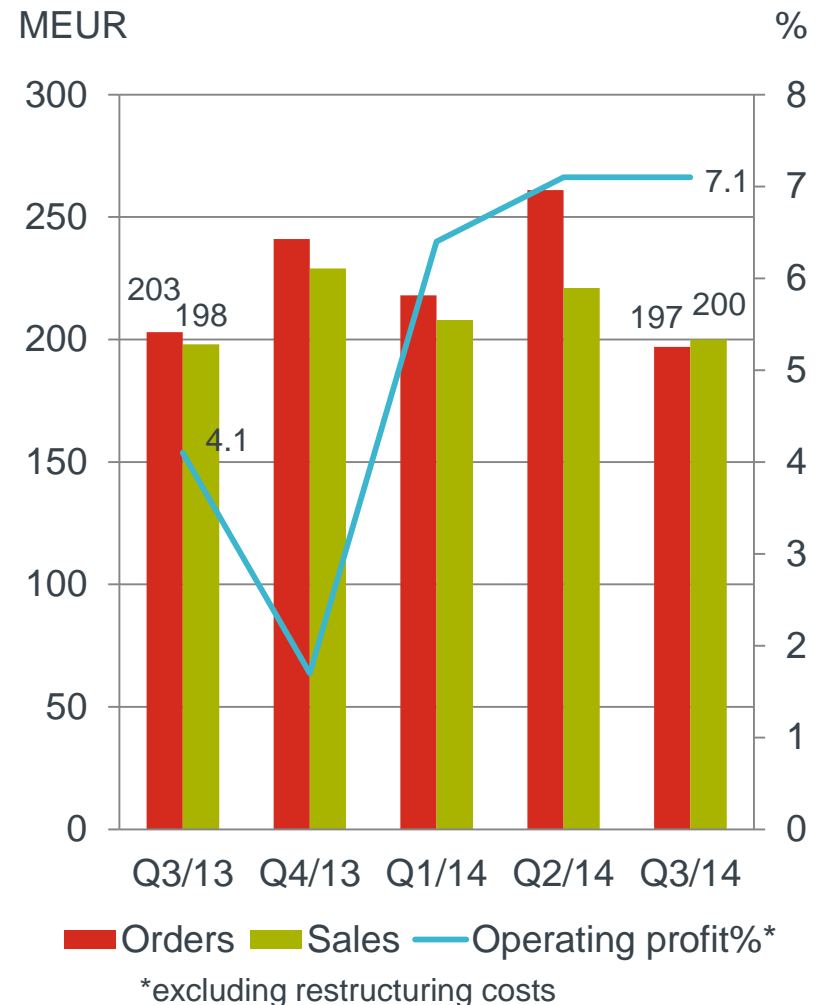
Kalmar Q3 – clear progress in profit improvement

- Demand for mobile equipment and automation solutions remained stable, while demand for large port projects rose slightly
- Demand was healthy in Europe and North America, whereas it was satisfactory in Asia and South America
- Demand for services was healthy
- Order intake grew 4% y-o-y to EUR 380 (366) million
- Sales grew 9% y-o-y to EUR 385 (354) million
- Profitability excluding restructuring costs was 8.0%
 - Additional costs of EUR 3 million to finalise delivers of the projects sold in 2012 (Q3 2013: 9 MEUR)
- Profit improvement programme proceeding according to plan

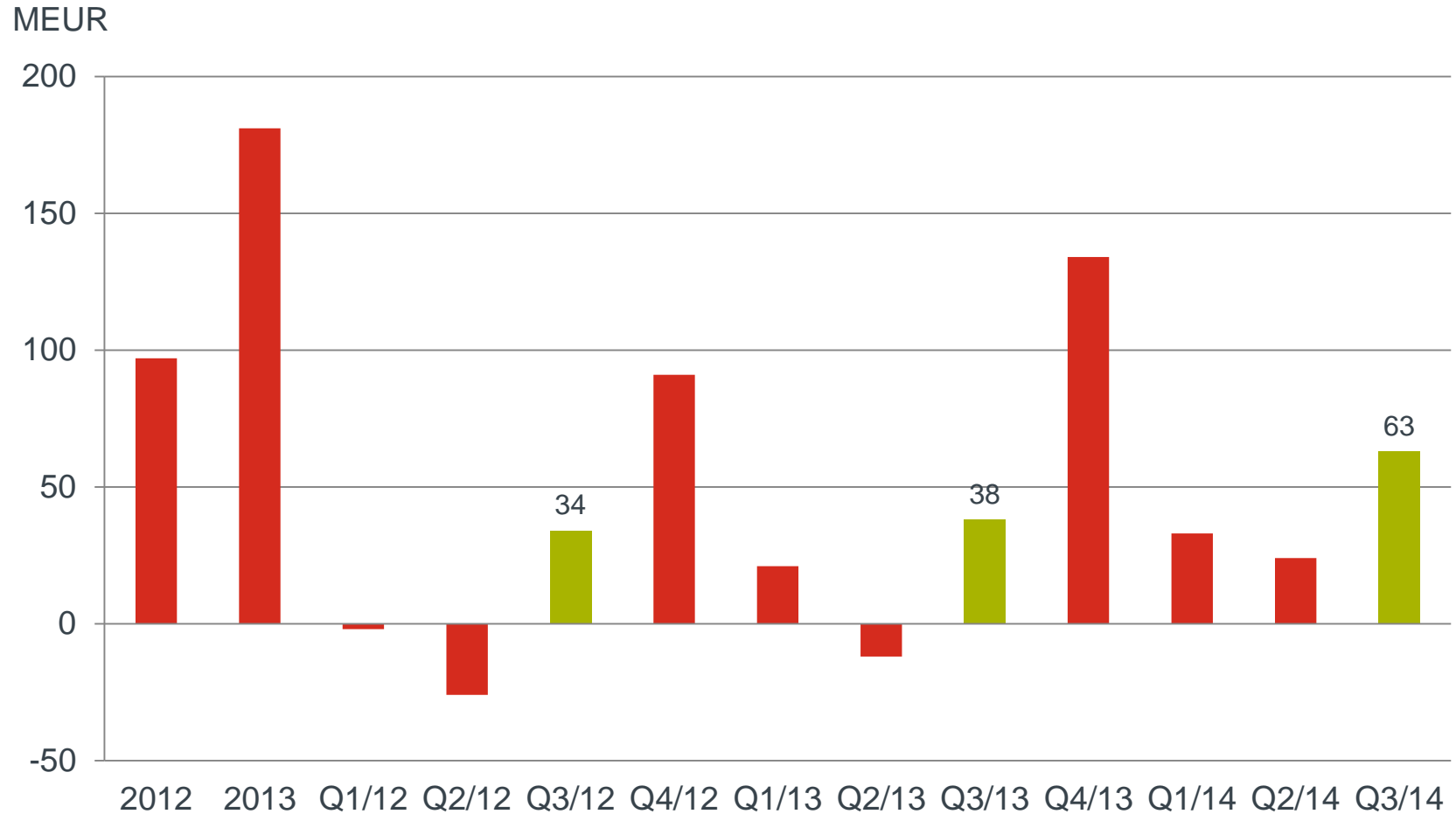


Hiab Q3 – steady profitability

- Demand for load handling equipment has been two-fold throughout the year
 - Strong demand in USA while demand in Europe was satisfactory
- Demand for services was healthy
- Orders declined 3% y-o-y to EUR 197 (203) million
- Sales were at comparison period's level at EUR 200 (198) million
- Profitability excluding restructuring costs was 7.1%
- Profit improvement programme proceeding ahead of schedule

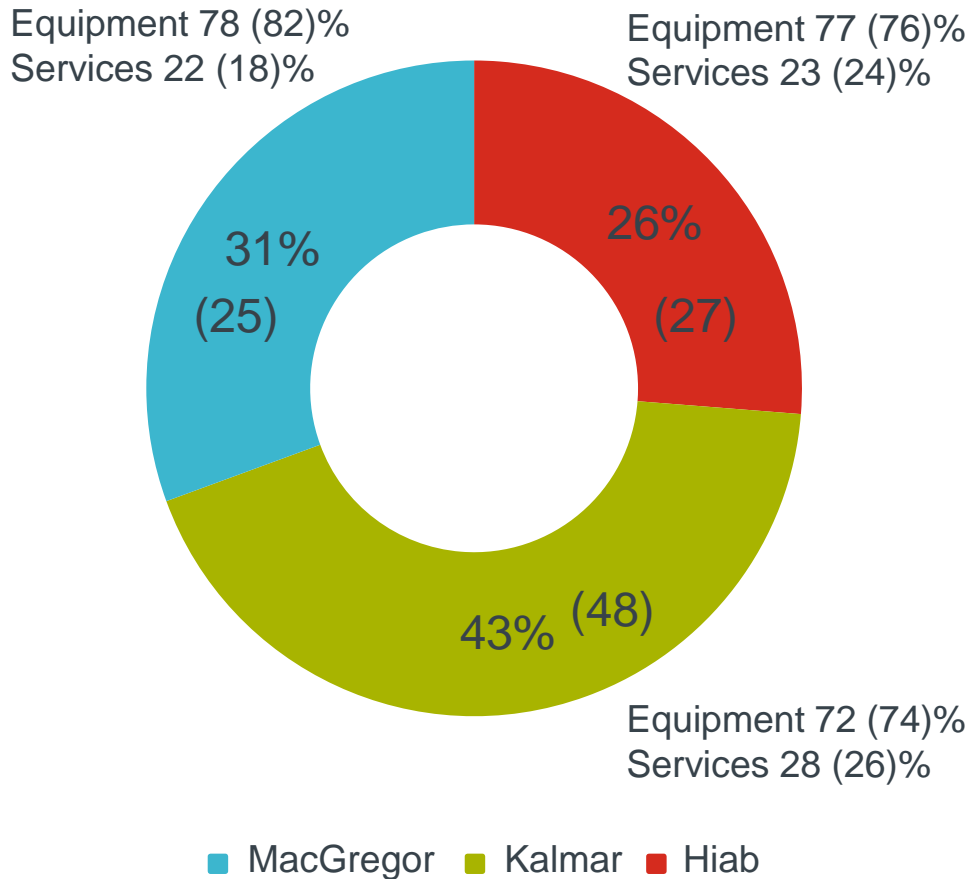


Cash flow from operations strengthened

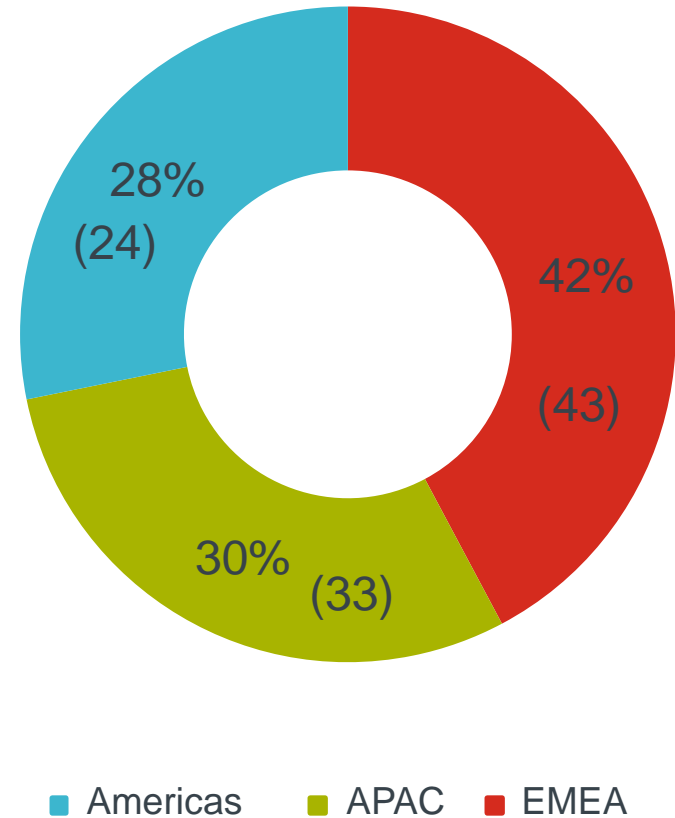


Acquisitions increased MacGregor's share in portfolio

Sales by reporting segment 1-9/2014, %



Sales by geographical segment 1-9/2014, %



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.



