

**CARGOTEC**

COO, Deputy to CEO Pekka Vauramo

8 March 2012



# Frankfurt road show



# Strategy and financial targets



## Vision and mission

### Our vision is

- to be the world's leading provider of cargo handling solutions

### Our mission is

- to improve the efficiency of cargo flows



# Company values



# Portfolio



Solutions for industrial and on-road load handling



Solutions for ports and container handling



Solutions for marine cargo handling and offshore load handling

# Strategic focus areas 2011–2015



## CUSTOMERS

- Improve knowledge of customer needs
- Invest in attractive customer segments
- Decide which segments to keep and which to divest



## SERVICES

- Spare parts logistics
- Regional distribution centres
- Growing up in the value chain towards more preventive maintenance
- Support customers' operations outsourcing



## EMERGING MARKETS

- Position in Chinese market
- Develop other growth markets: India, Brazil, Russia and Africa
- Acquisitions, partnerships, organic growth



## INTERNAL CLARITY

- Common processes
- Harmonisation of information systems
- Further development of Industrial & Terminal organisation
- Working together

## Acquisition of terminal operating systems provider Navis

- Announced in January 2011, consolidation from 19 March 2011 onwards
- Navis is #1 vendor in marine terminal logistics solutions market
- Its global customer footprint is in over 50 countries at 200+ terminals
- The company has 20+ years of expertise in developing solutions to complex supply chain execution problems
- Navis has ~350 employees providing worldwide sales, services and support
- 2011 sales were around EUR 50 million



## Cargotec to strengthen position in heavy cranes

- Cargotec and its long-term manufacturing supplier in China, Jiangsu Rainbow Heavy Industries (RHI), plan to establish a joint venture to provide leading heavy crane solutions globally, expand delivery capacity and grasp growth opportunities in the Chinese and global markets.
- Cargotec's ownership would be 49 percent and the value of Cargotec's equity investment approximately EUR 30 million.
- In addition, Cargotec plans to strengthen its strategic partnership with RHI by becoming an owner in the company. Cargotec will acquire a 49 percent interest in China Crane Investment Holdings Ltd, which currently owns 18.75 percent of RHI shares, for approximately EUR 50 million.
- The transaction is subject to the relevant regulatory approvals, which are expected to be received in the coming 6–8 months (from late July 2011).

## Focus areas in Marine business area

- Two dimensional growth
- Strengthen solution sales
- Grow in offshore services
- Geographical focus in China and Brazil
- Leverage Rainbow-Cargotec Industries joint venture in offshore
- Strong and focused R&D



## Focus areas in Terminals business area

- Offering development, including equipment, systems & automation and services
- Project sales and delivery capabilities
- Sales management capabilities
- Cost efficiency



## Focus areas in Load Handling business area

- Focus on customer needs
- Analyse future trends
- Develop operating model
- Build strong strategy
- Develop route to market
- New markets – China, India and Russia
- New product development

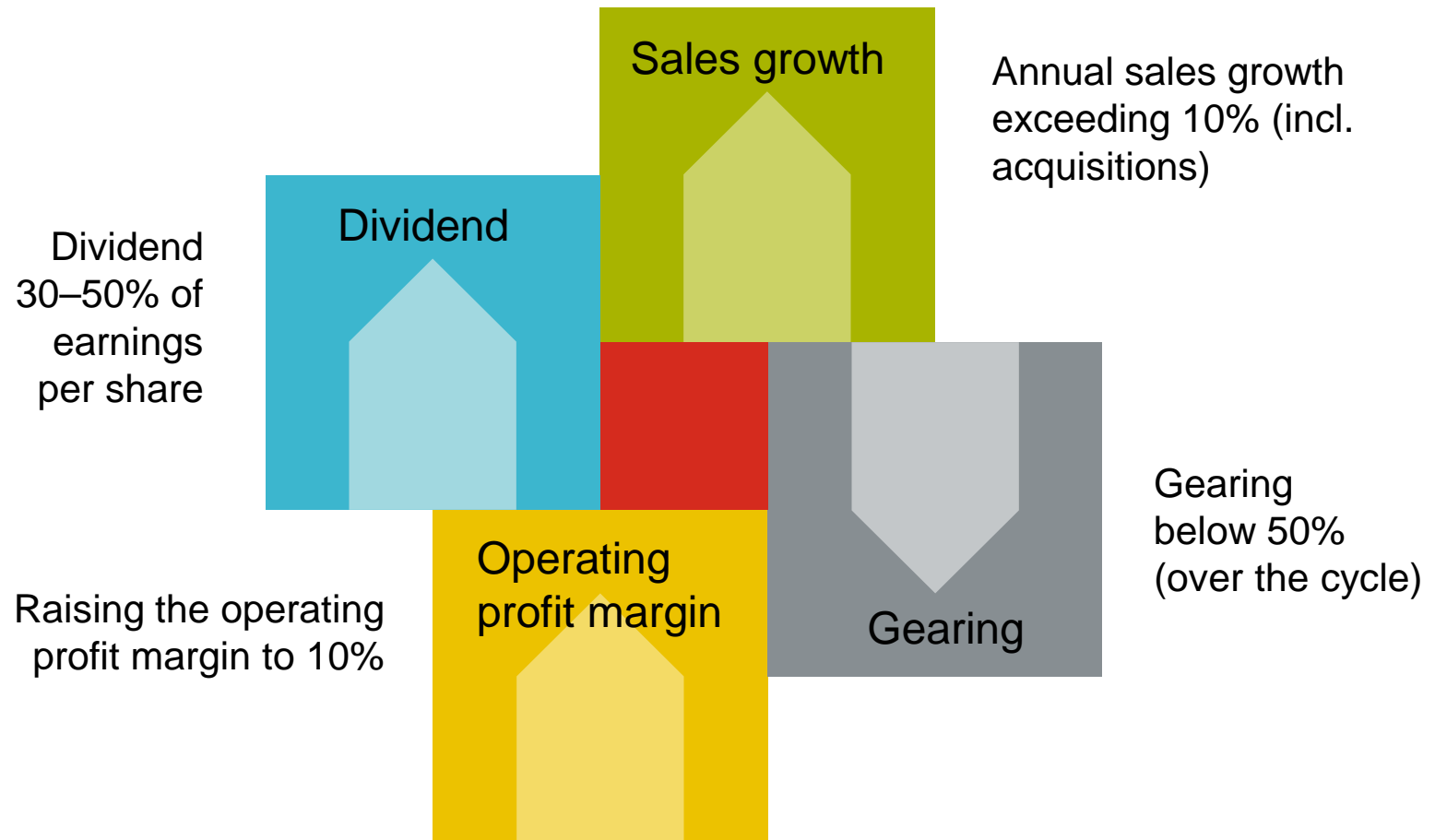


## Focus areas in Services business area

- Expand offering to fleet performance
- Build strong offshore services in Brazil and the USA
- Further develop asset management



# Financial targets



## January–December 2011 financials



## Highlights of January–December 2011

- Market activity was healthy in both segments and all geographies
- Q4 order intake grew 18% y-o-y
- Q4 sales grew 11% y-o-y
- R&D expenditure was EUR 60 (37) million
- Q4 operating profit margin was 5.8%
- Marine profitability remained very high
- Brisk activity in Terminals
- EPS for 2011 doubled from 2010





## Market environment in January–December 2011

- Markets for load handling equipment grew in 2011. At the end of the year, the markets were marked by uncertain business environments, particularly in Europe.
- During 2011, the number of containers handled in ports grew. Brisker demand for container handling equipment used in ports reflected a revival in activity.
- Demand for cargo handling equipment for bulk vessels slowed towards the end of the year, but revived for cargo handling equipment destined for RoRo and container ships.
- Services markets grew throughout the year for load handling and terminals and during the second half also for marine cargo handling.

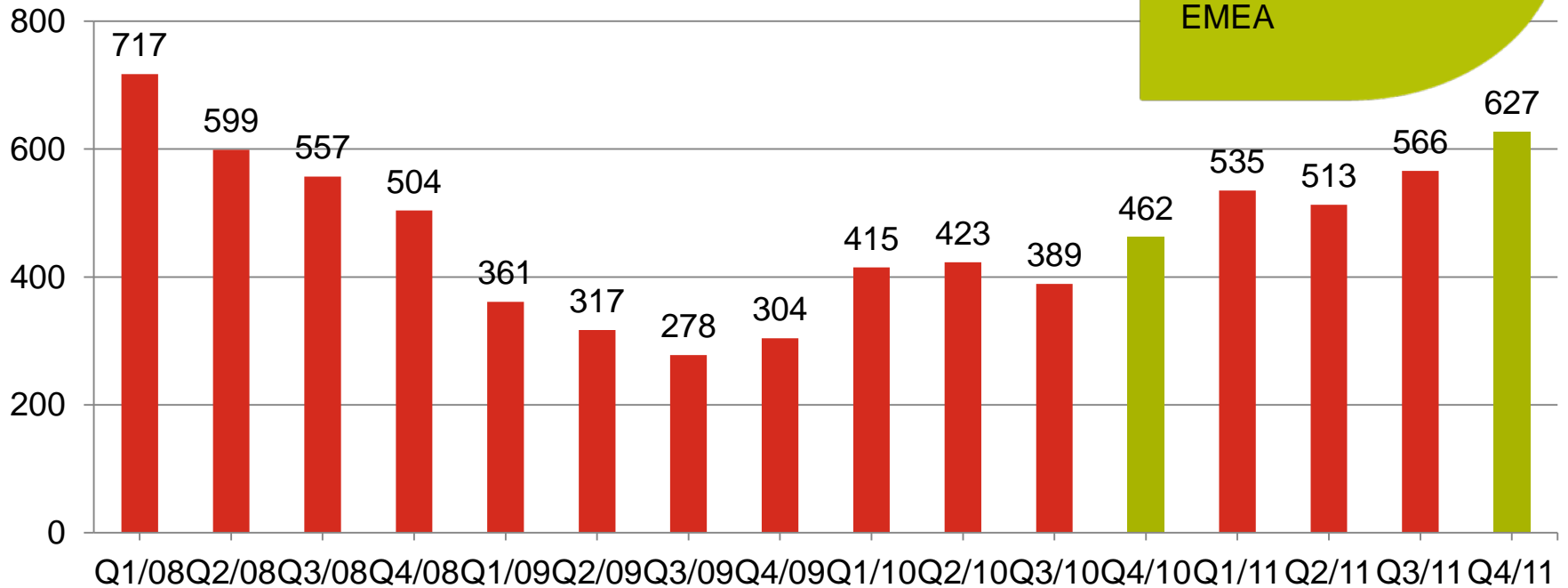


## Key figures in January–December 2011

	Q4 2011	Q4 2010	Change	2011	2010	Change
Orders received, MEUR	842	716	18%	3,233	2,729	18%
Order book, MEUR	2,426	2,356	3%	2,426	2,356	3%
Sales, MEUR	828	747	11%	3,139	2,575	22%
Operating profit, MEUR	48.0	38.5	25%	207.0	131.4	58%
Operating profit margin, %	5.8	5.2		6.6	5.1	
Cash flow from operations, MEUR	88.3	99.5		166.3	292.9	
Interest-bearing net debt, MEUR	299	171		299	171	
Earnings per share, EUR	0.56	0.39		2.42	1.21	

# Q4: Industrial & Terminal's order intake grew 36% y-o-y

MEUR

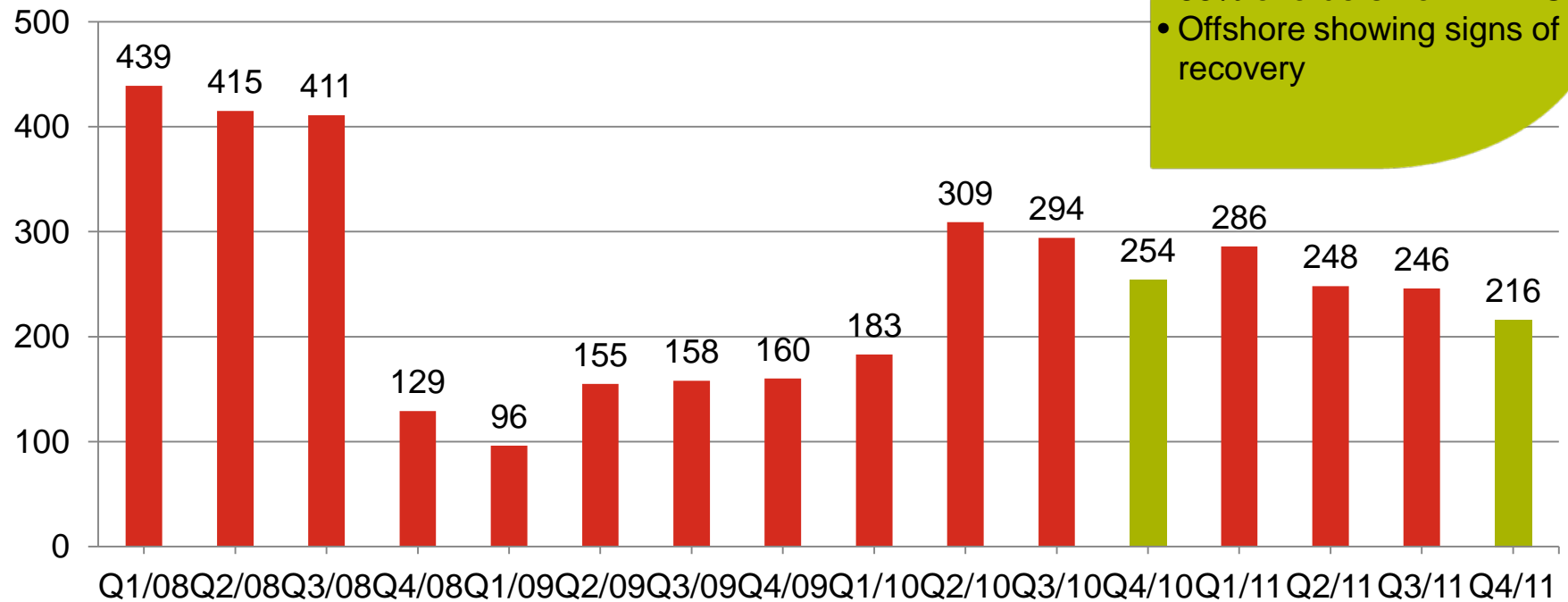


**Q4**

- 58% of orders from EMEA
- Orders grew strongest in EMEA

## Q4: Marine's order intake continued healthy

MEUR

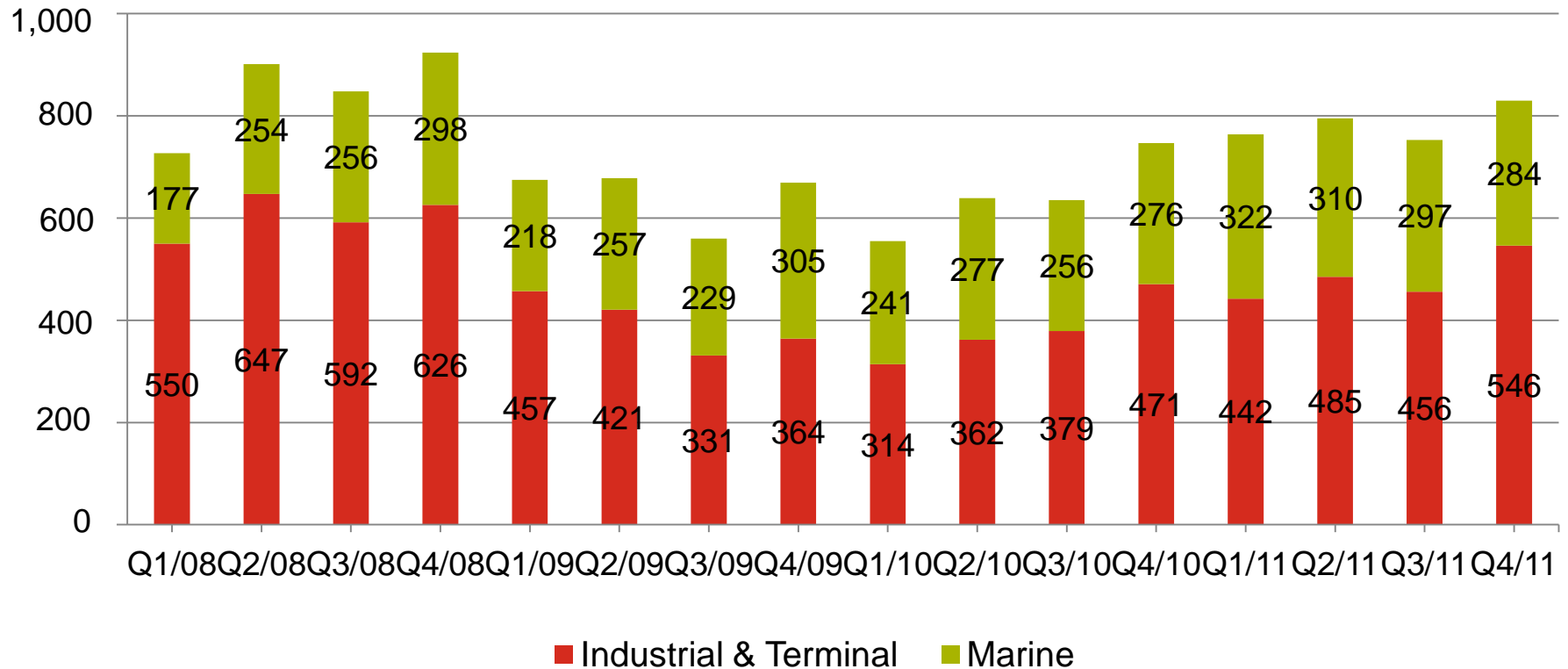


**Q4**

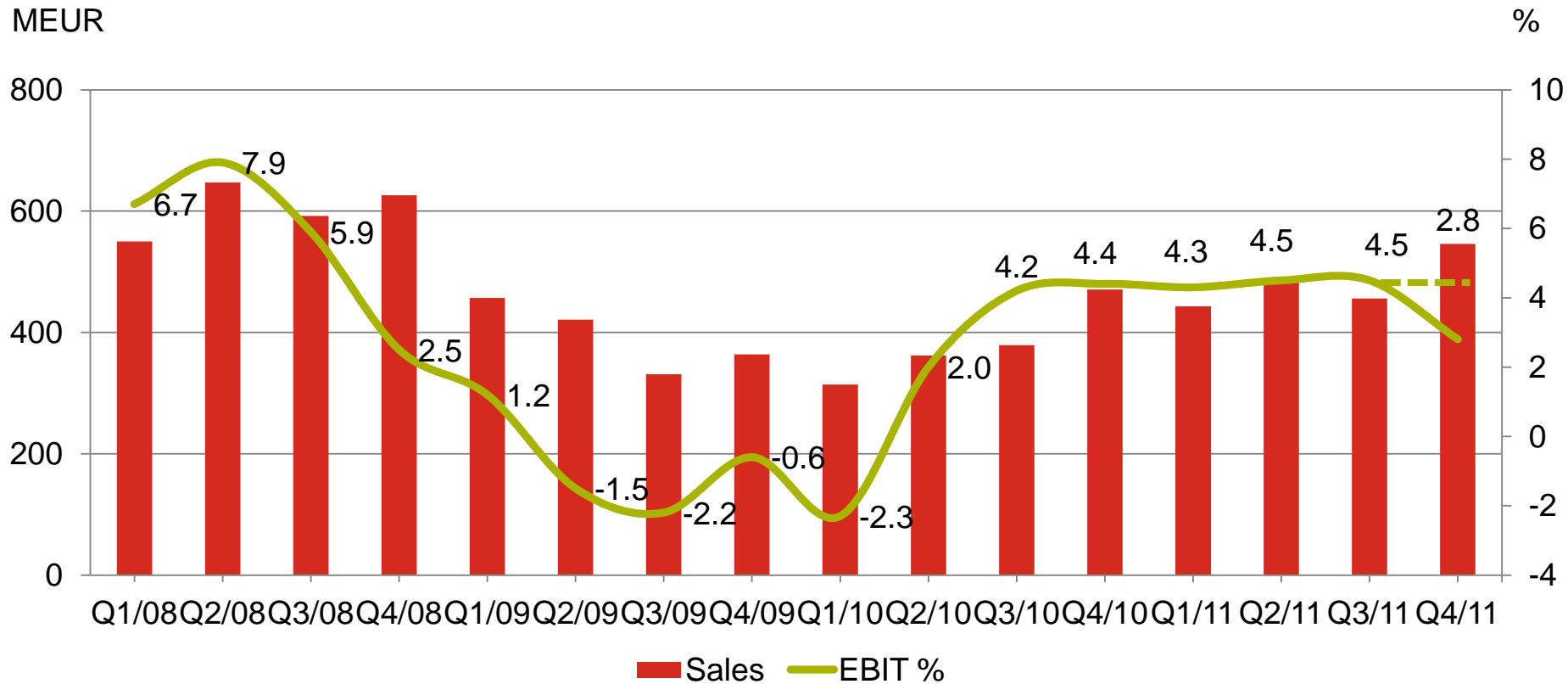
- 53% of orders from APAC
- Offshore showing signs of recovery

## Q4: Sales grew 11% y-o-y and 22% in 2011

MEUR

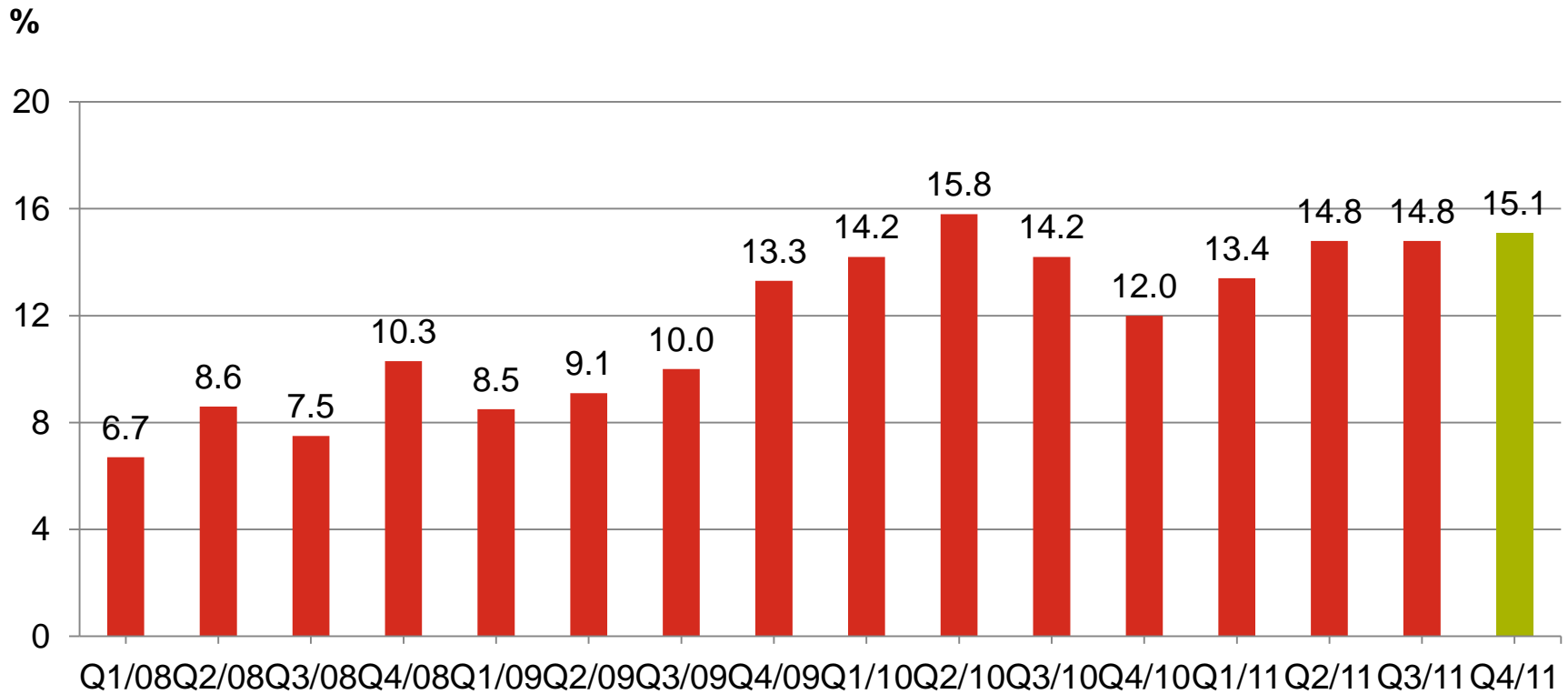


## Q4: Industrial & Terminal operating margin



EBIT% Q1/08–Q4/10 excluding restructuring costs

## Q4: Marine's profitability continued very strong



EBIT% Q1/08–Q4/10 excluding restructuring costs

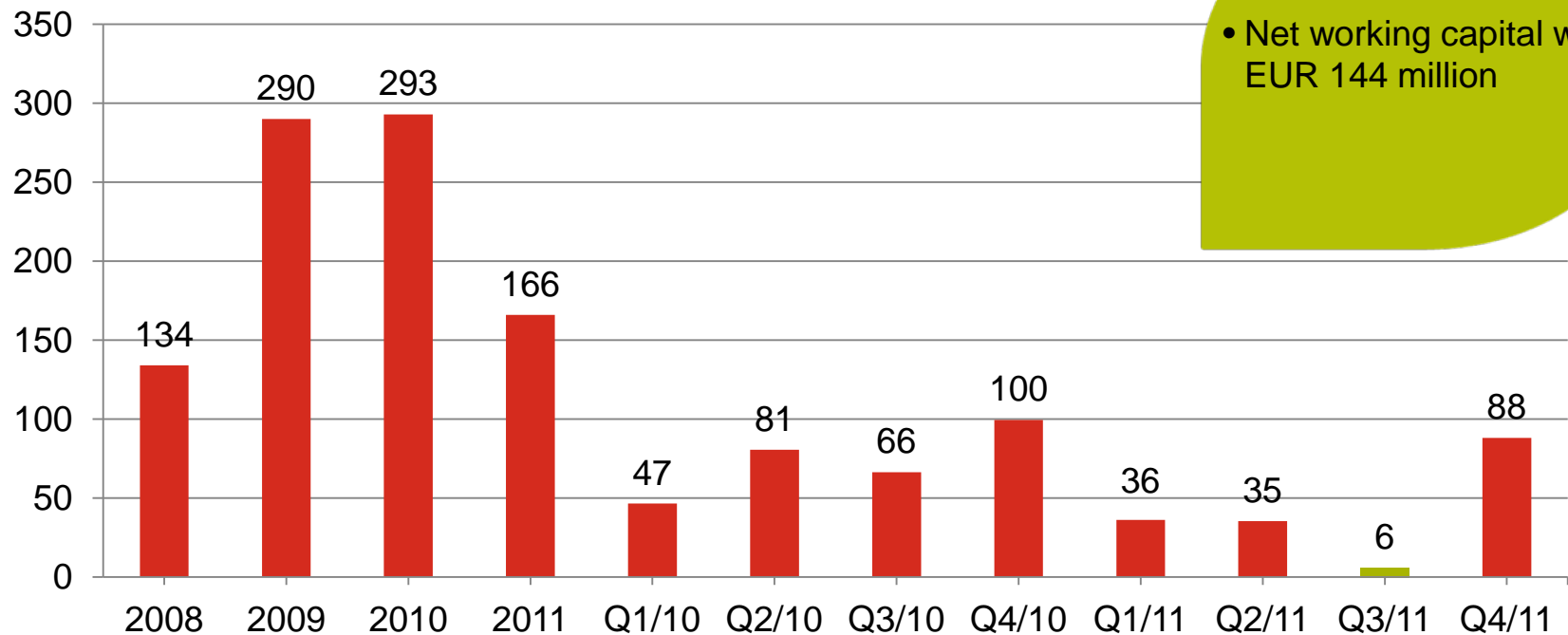
# Gross profit development



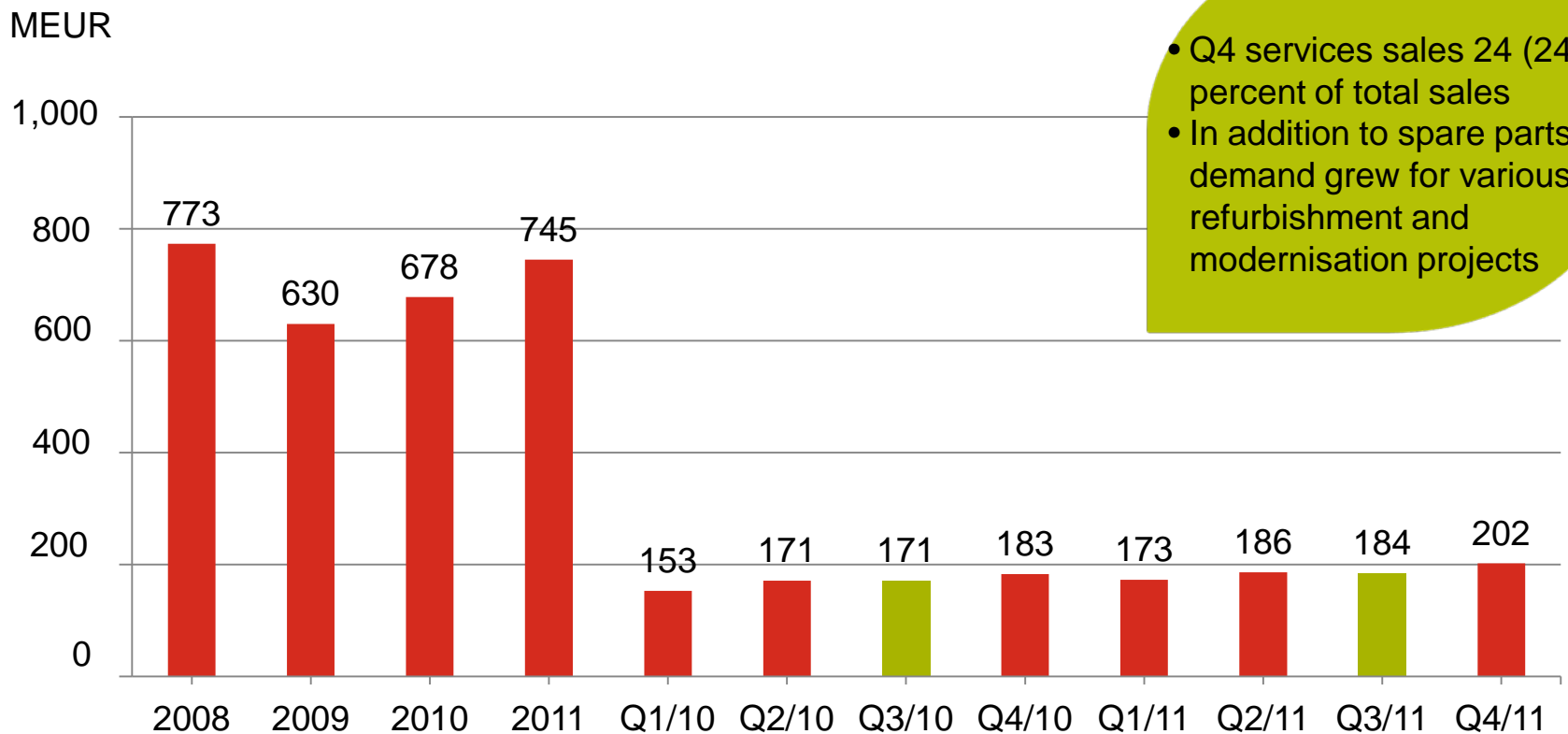


# Cash flow from operations healthy in growing markets

MEUR



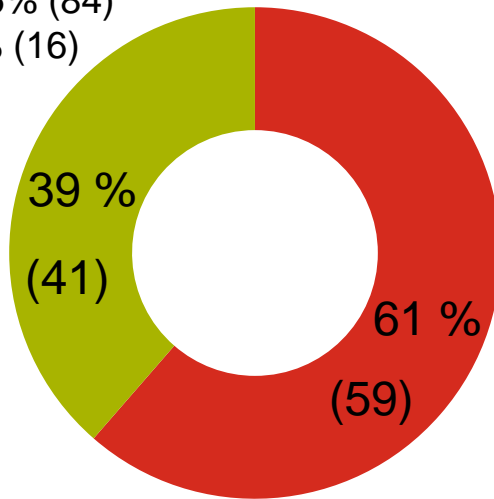
## Q4: Services sales grew 11% y-o-y



# EMEA and APAC equal in size, Americas grew slightly

Sales by reporting segment 2011, %

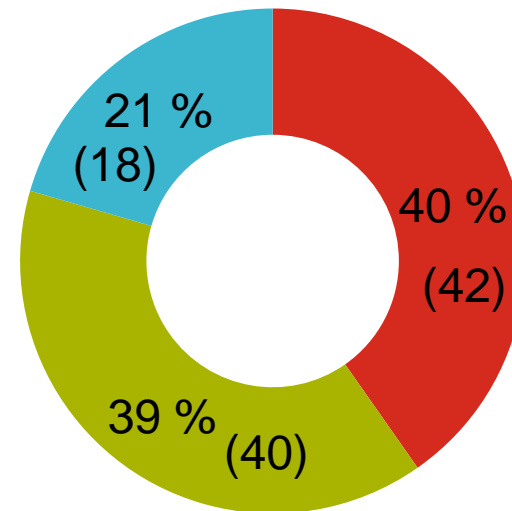
Equipment 85% (84)  
Services 15% (16)



Equipment 71% (67)  
Services 29% (33)

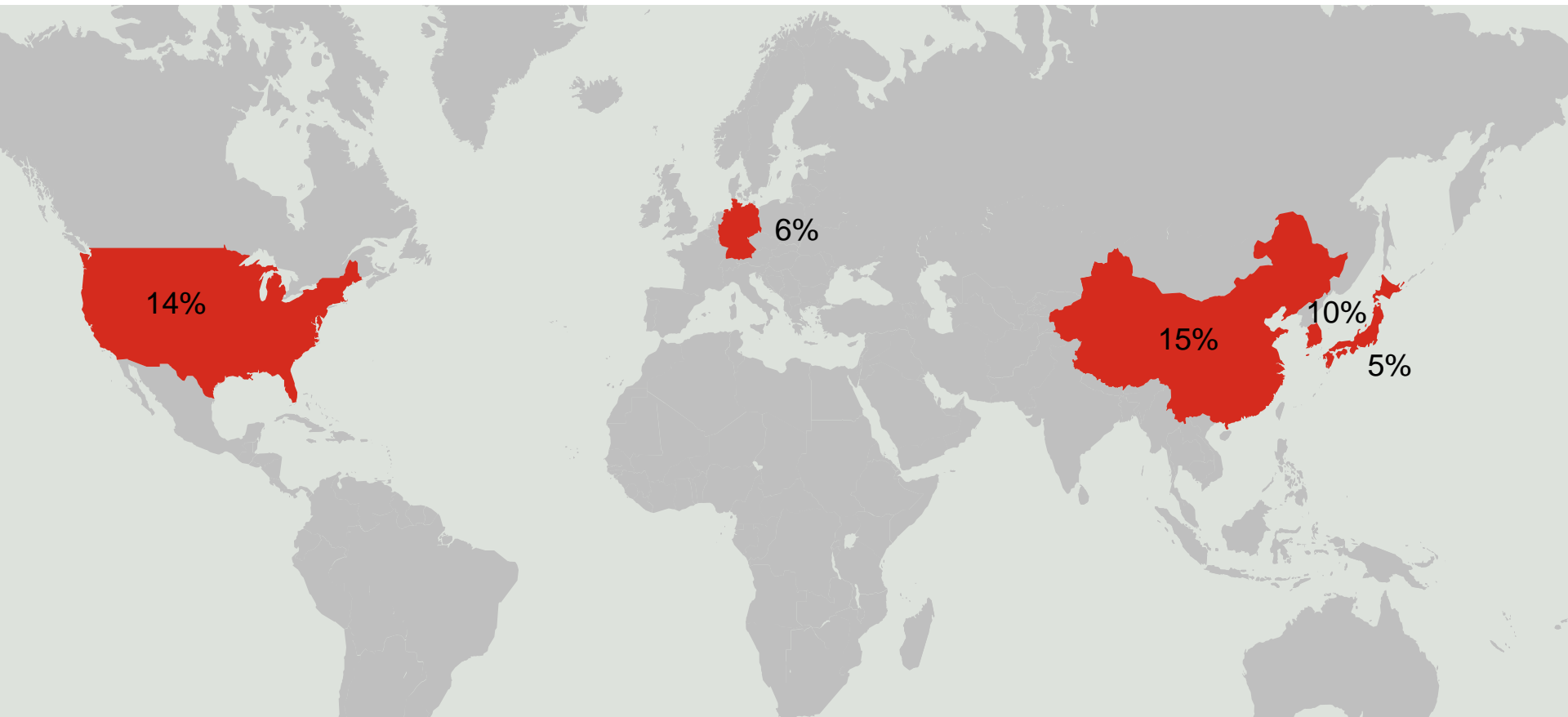
■ Marine ■ Industrial & Terminal

Sales by geographical segment 2011, %

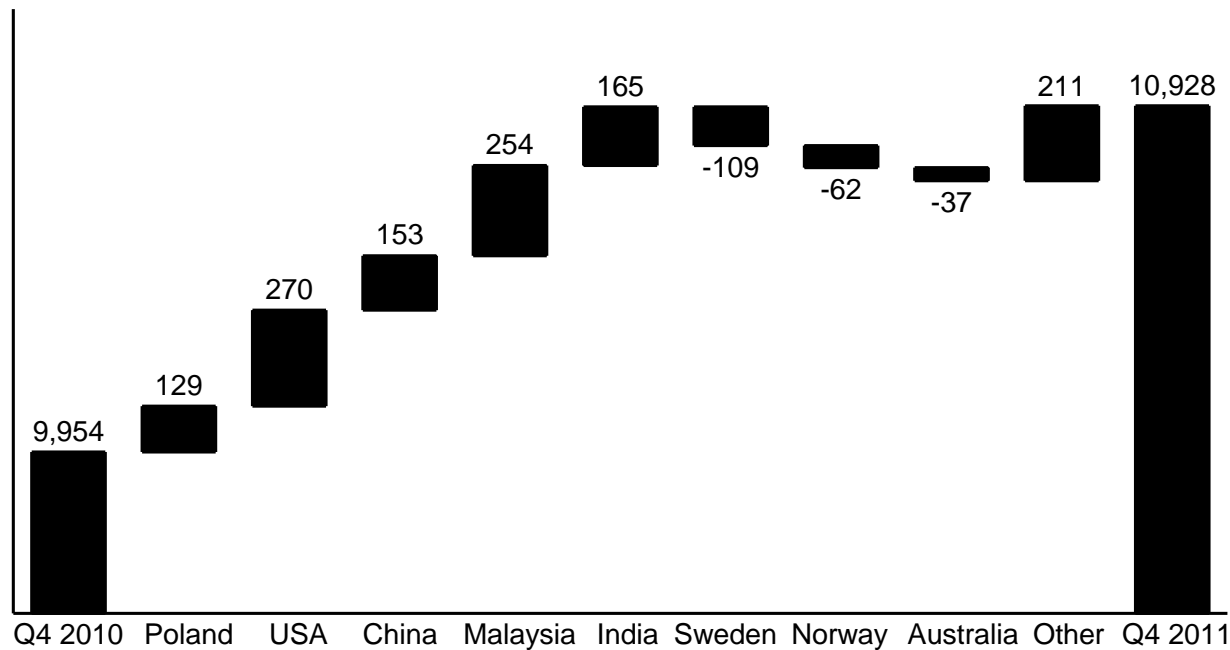


■ Americas ■ APAC ■ EMEA

## Five biggest countries accounted for 50% of sales

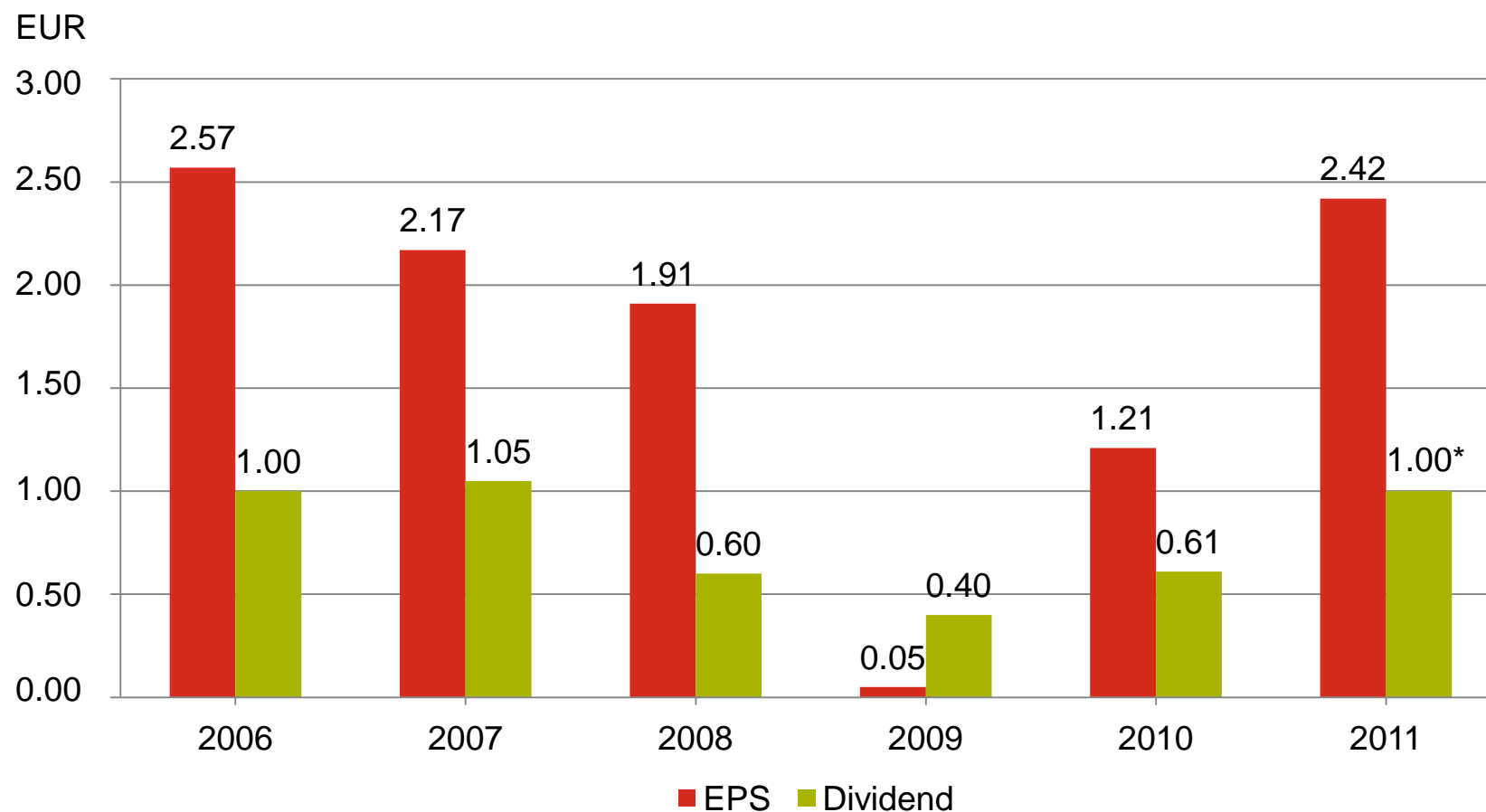


# Changes in number of employees



**Poland:** MAU Stargard  
**USA:** Navis acquisition and MAU Ottawa  
**China:** MAU Shanghai and sales  
**Malaysia:** acquisition and MAU Ipoh  
**India:** Navis acquisition and R&D

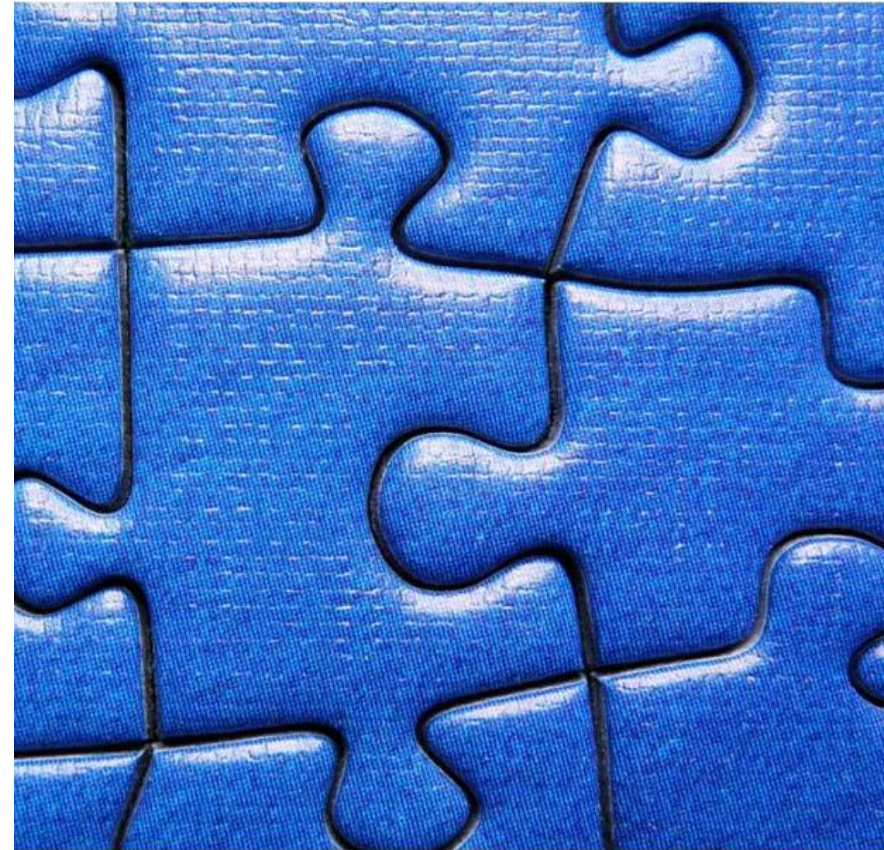
## Earnings per share and dividend (B share)



\* Dividend proposal by the Board of Directors

## Cargotec's key priorities in 2012

- Asia
- Strengthening market position in Load Handling
- Repositioning in heavy cranes (JV)
- Growth opportunities for Marine
- Further development of Services
- Cargotec ERP
- Leveraging the building blocks in Terminals



# Leveraging the building blocks in Terminals



**Navis acquisition**



**Technology and competence centre in Singapore**



**Technology and competence centre in Tampere, Finland**



**Repositioning in heavy cranes**



**Winning with products, projects and services**



## Outlook

- Cargotec expects its 2012 sales to grow and operating profit margin to improve compared to 2011.

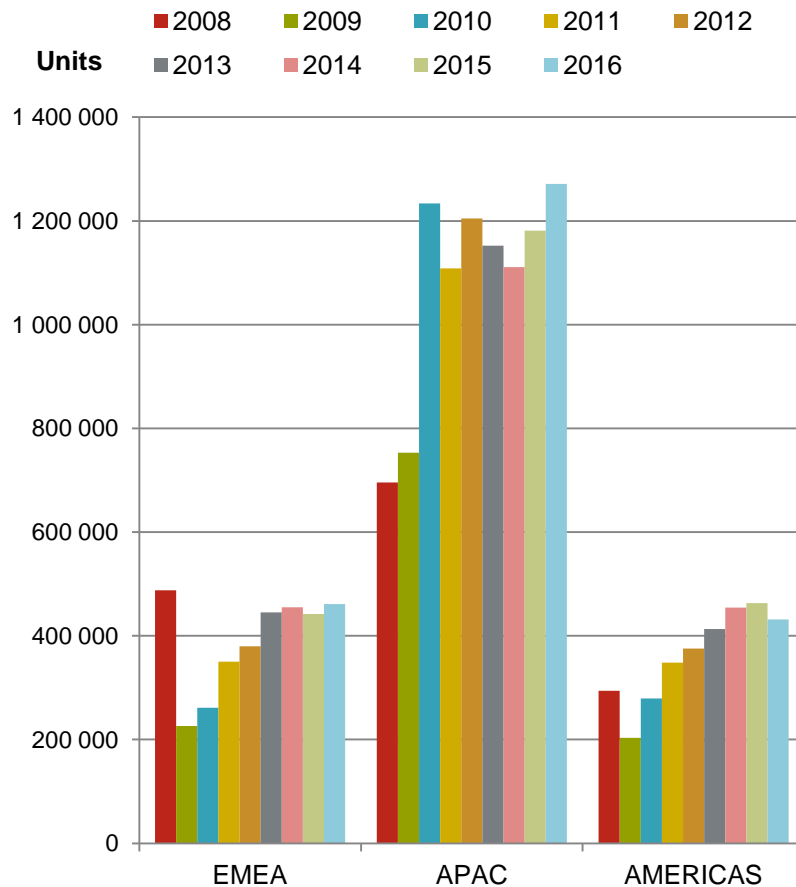


# Appendices



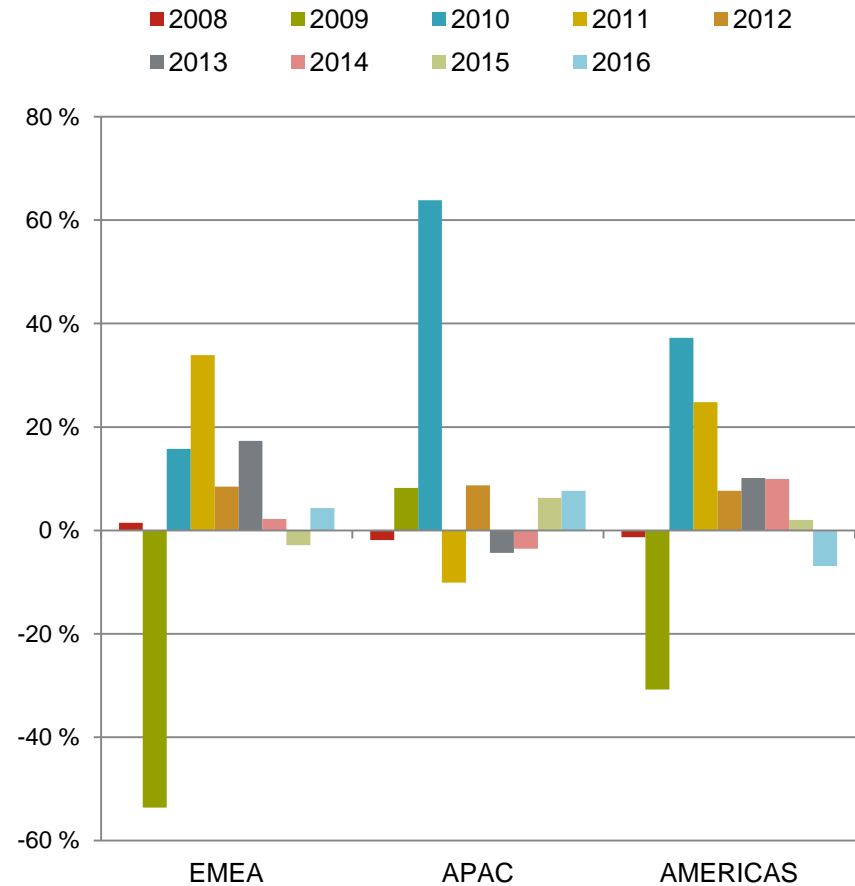
# Macro indicator trends

### Truck sales GVW over 15 ton -Regions



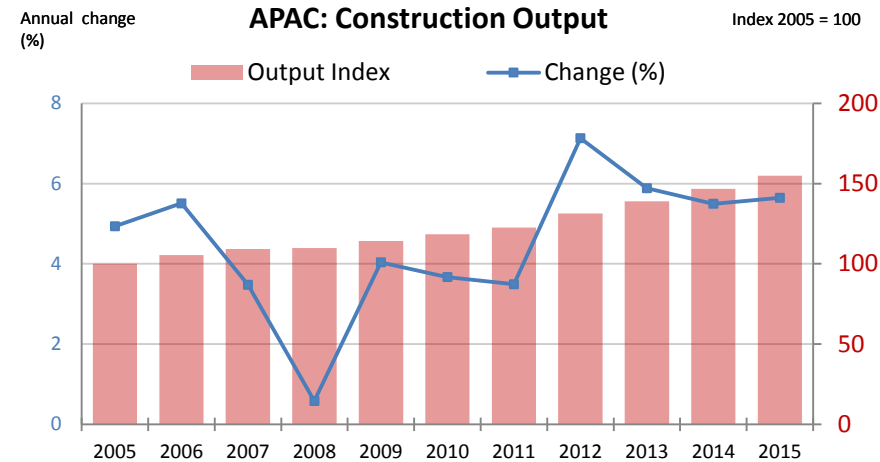
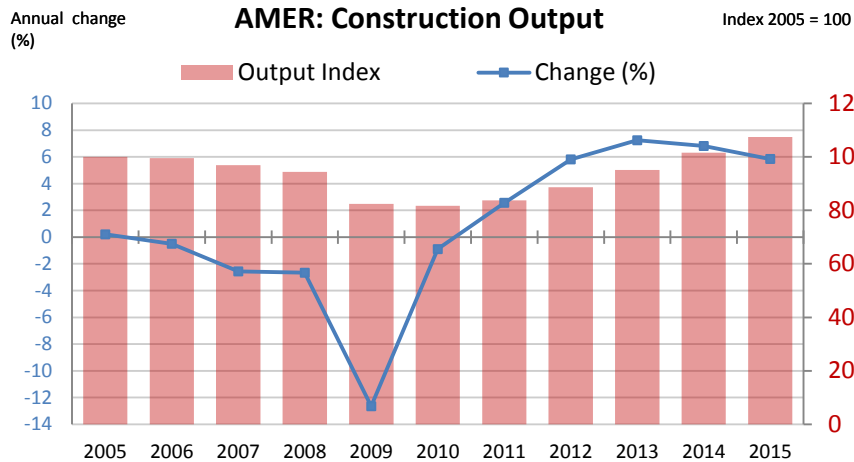
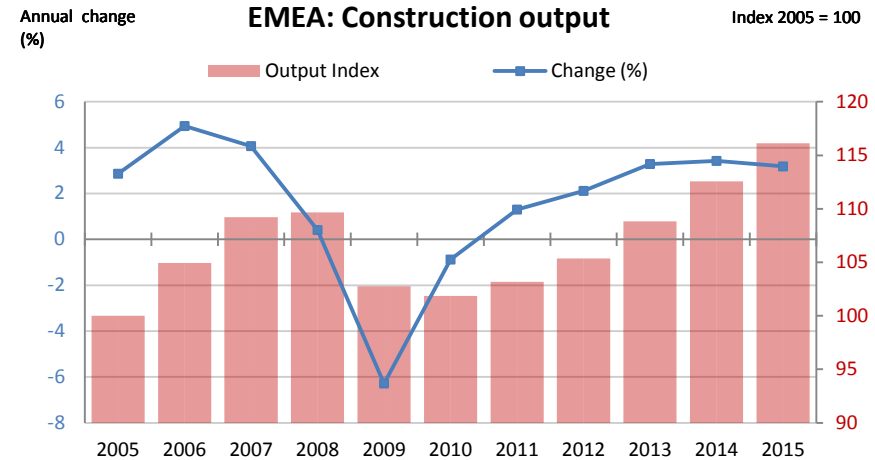
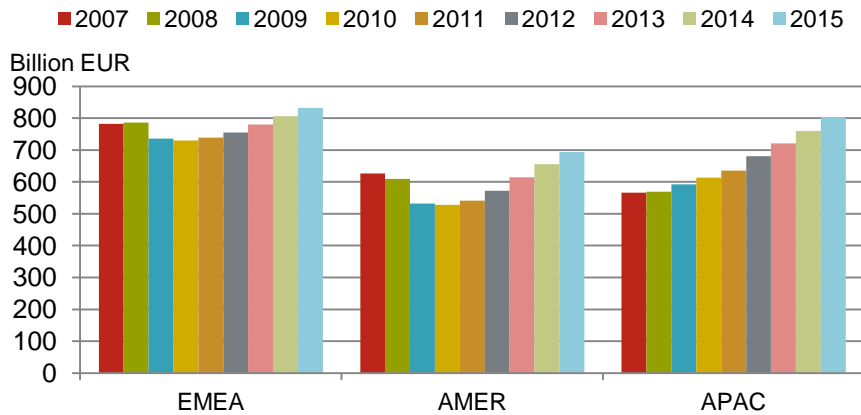
Source: Global Insight Q4/2011

### Sales growth GVW over 15 ton - Regions



# Macro indicator trends

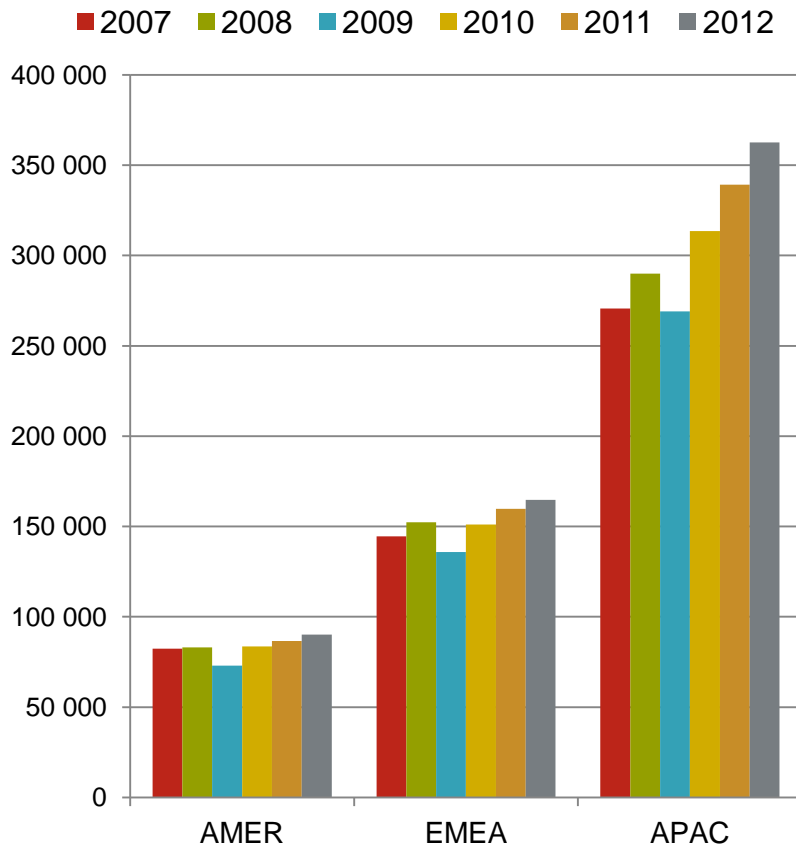
## Total Construction Output



Source: Oxford Economics Q4/2011

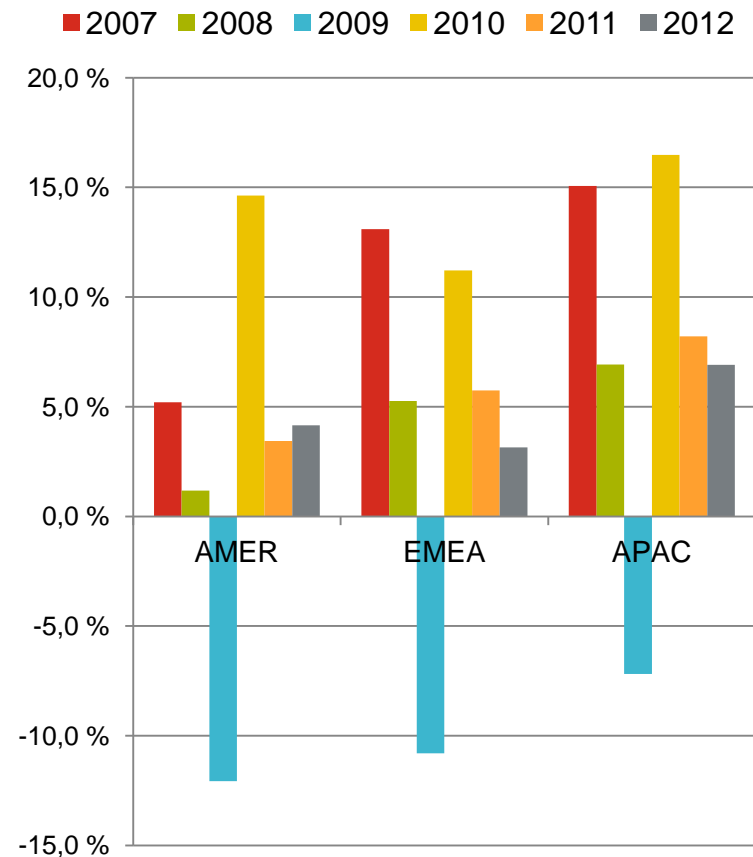
# Macro indicator trends

Drewry (Throughput '000 TEU units)

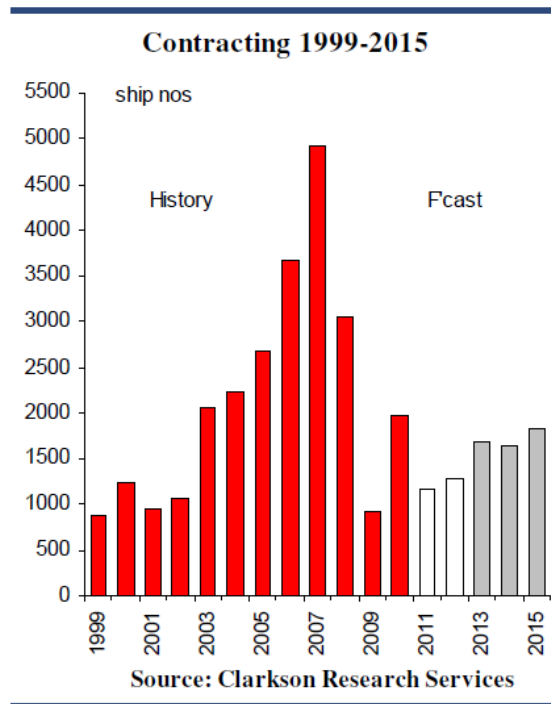


Source: Drewry Container Forecaster Q4/2011

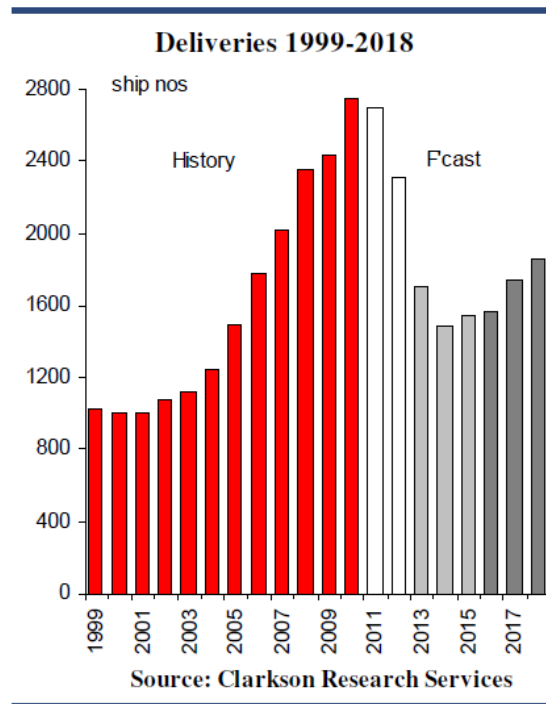
Drewry (Throughput TEU % change)



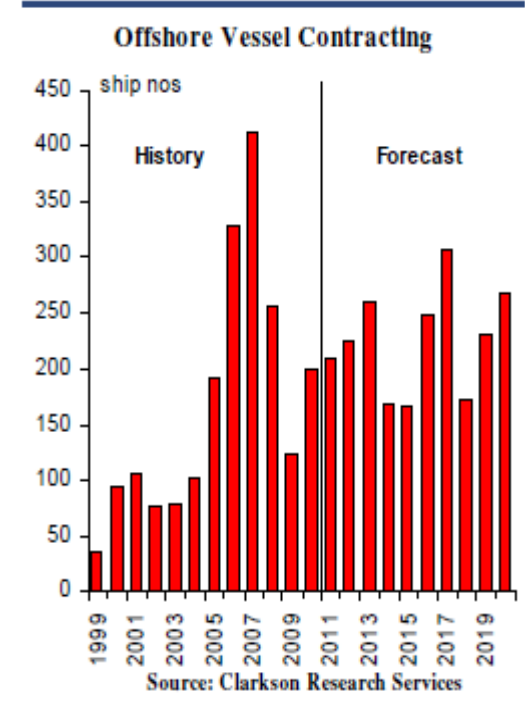
# Ship contracting and delivery forecast



*Medium-Term Contracting Forecast to 2015*



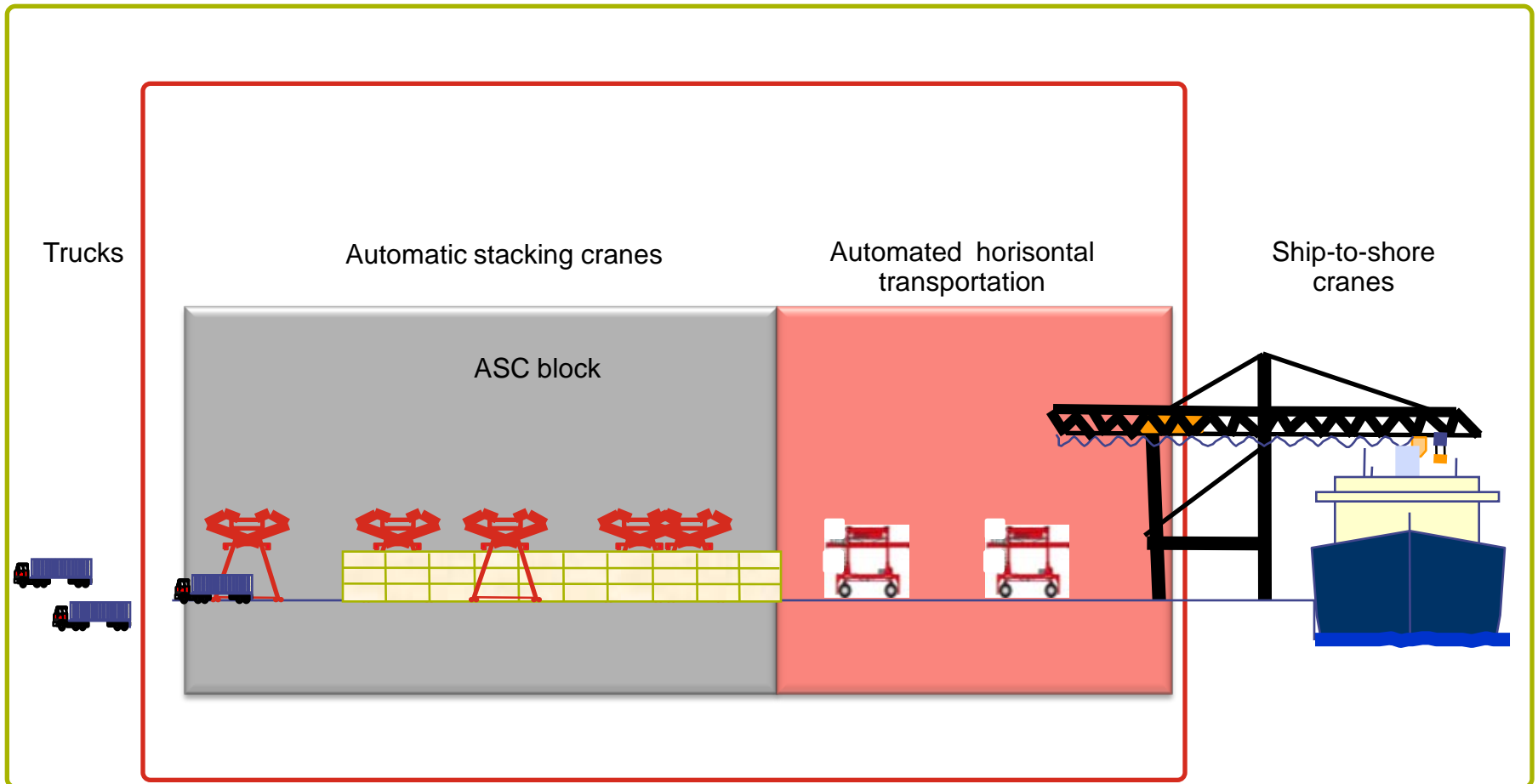
*Medium-Term Deliveries to 2018*



*Offshore Vessel Contracting*

Source: Clarkson research 9/2011

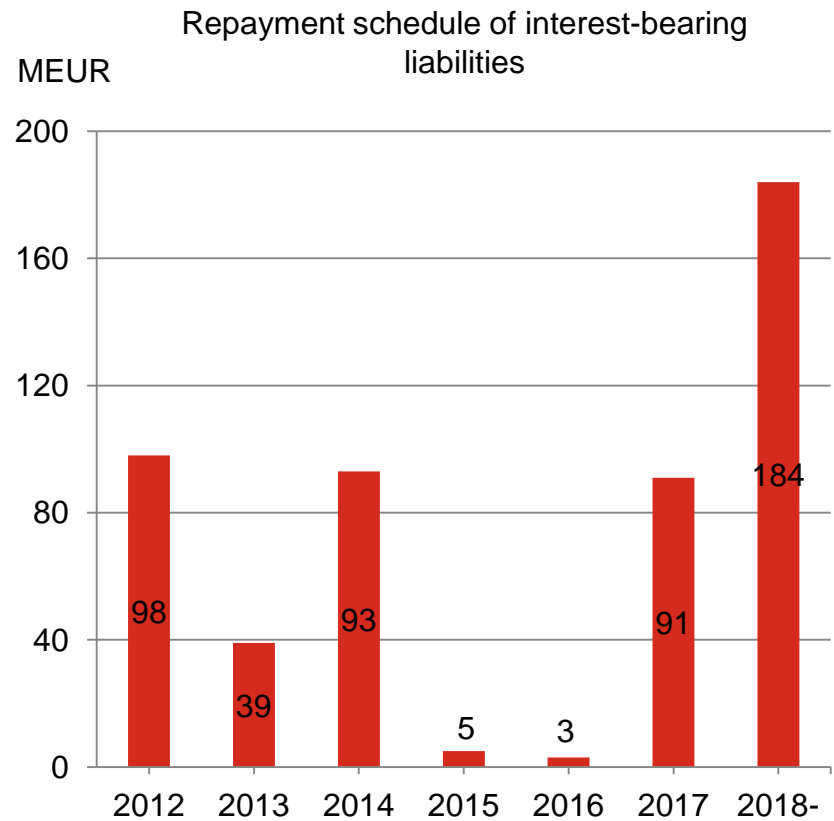
# Terminal operating system



## Low gearing and strong liquidity 31 Dec 2011

- Gearing 25.4%
- Net debt MEUR 299
- Liquidity MEUR 504
  - Cash and cash equivalents MEUR 204
  - Unused and committed long-term revolving credit facility of MEUR 300
- During Q3 2011, Cargotec strengthened liquidity further by signing new credit facilities of MEUR 120 which will mature in 2018–2021.

→ Cargotec is well prepared financially for the coming years





# Hiab offering



Loader cranes



Truck-mounted forklifts



Demountables



Tail lifts



Forestry cranes



Stiff boom cranes



Services

## Key competition with Hiab offering

	Knuckle-boom Cranes	Stiff boom Cranes	Demountables	Tail Lifts	Truck-mounted Forklifts	Forestry Cranes
• Hiab	X	X	X	X	X	X
• Palfinger	X	X	X	X	X	X
• Hyva	X		X	X		
• Fassi	X					
• Effer	X					
• PM	X					
• Unic		X				
• Tadano		X				
• National		X				
• Meiller			X			
• Marrel			X			
• Stellar			X			
• Shimaywa			X	X		
• D'Hollandia				X		
• MBB				X		
• Maxon				X		
• Manitou					X	
• Chrisman					X	
• Donkey					X	
• Kesla						X
• Prentice						X

# Kalmar offering



**Straddle carriers**



**Reachstackers**



**Terminal tractors**



**Forklift trucks**



**Ship-to-Shore cranes**



**RTGs, RMGs**



**Spreaders**



**Services**

# Key competition with Kalmar offering

	Ship-to-Shore Cranes	RTG/RMG Cranes	Straddle Carriers	Reach Stackers	Fork Lift Trucks	Terminal Tractors. AGVs	Spreaders	Mobile Harbour Cranes	Services
• Kalmar	X	X	X	X	X	X	X		X
• ZPMC	X	X							
• Liebherr	X	X	X	X				X	
• Mitsubishi	X	X			X			X	
• Mitsui	X	X							
• Terex	X	X	X	X	X	X		X	X
• Konecranes	X	X	X	X	X				X
• TCM		X	X		X				
• CVS Ferrari			X	X	X	X			
• Hyster Heavy				X	X				
• Taylor				X	X				
• Kion				X	X				
• Sany				X					
• Svetruck					X				
• Capacity									
• Terberg						X			
• Sinotruck						X			
• Stinis						X	X		
• RAM							X		

# MacGregor offering



**Hatch covers**



**Ship cranes**



**Offshore deck equipment**



**Securing**



**RoRo**



**Link spans**



**Bulk loaders**



**Services**

# Key competition with MacGregor offering

	Hatch Covers	Deck Cranes	Lashing equipment	Bulk systems	RoRo equipment	Offshore	Services
• MacGregor	X	X	X	X	X	X	X
• TTS	X	X			X	X	X
• Seohae	X				X		
• IHI	X	X		X (cement)			
• Nakata	X			X (coal)			
• Liebherr		X				X	X
• Oriental Precision		X				X	
• NMF		X					X
• MHI		X					
• Luzhou (KGW)		X					
• German Lashing			X				X
• SEC			X				X
• Krupp				X (coal)			
• Buhler				X (grain)			
• FLS				X			
• Sumitomo				X (coal)			
• National Oilwell						X	
• Rolls Royce						X	X
• Dreggen						X	
• ODIM						X	
• Coops & Nieborg	X						
• Ainoura (ex-Tsuji)	X	X			X		(X)

we keep cargo on the move™