

**CARGOTEC**

## London road show – 30 May 2012



# Strategy and financial targets



# Towards customer solutions

Working together

Sustainable performance

Global presence, local service

Vision: To be the world's leading provider of cargo handling solutions



Customers



Services



Emerging markets



Internal clarity



- Sales growth
- Operating profit margin
- Gearing
- Dividend

Mission: To improve the efficiency of cargo flows

Themes 2012

Profitability

Project execution

Performance culture

# 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
- Build market leader position in all business areas



## SERVICES

- Growing up in the value chain towards more preventive maintenance
- Support customers' operations outsourcing
- New service concepts and products
- Regional distribution centres



## 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
- New operating model
- Working together
- Performance culture

## Cargotec to strengthen position in heavy cranes

- Cargotec and its long-term manufacturing supplier in China, Jiangsu Rainbow Heavy Industries (RHI), have established 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 is 49 percent and the value of Cargotec's equity investment approximately EUR 30 million.
- In addition, Cargotec will 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.
- Relevant regulatory approvals were received in May 2012.

## Cargotec to evaluate listing of Cargotec Marine on the Singapore Exchange to secure further growth

- Potential listing would strengthen Cargotec Marine's business presence in Asia and secure profitable growth.
- Already today more than 70 percent of Cargotec Marine's sales are generated in Asia-Pacific.
- A strong presence in Singapore could open new business opportunities especially in offshore.
- It is currently envisaged that Cargotec Corporation would own the majority of Cargotec Marine, which would remain consolidated to Cargotec Corporation following the possible listing.
- The Board of Directors expects the evaluation be completed by the end of the third quarter 2012.

## 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



## January–March 2012 financials





## Highlights of Q1

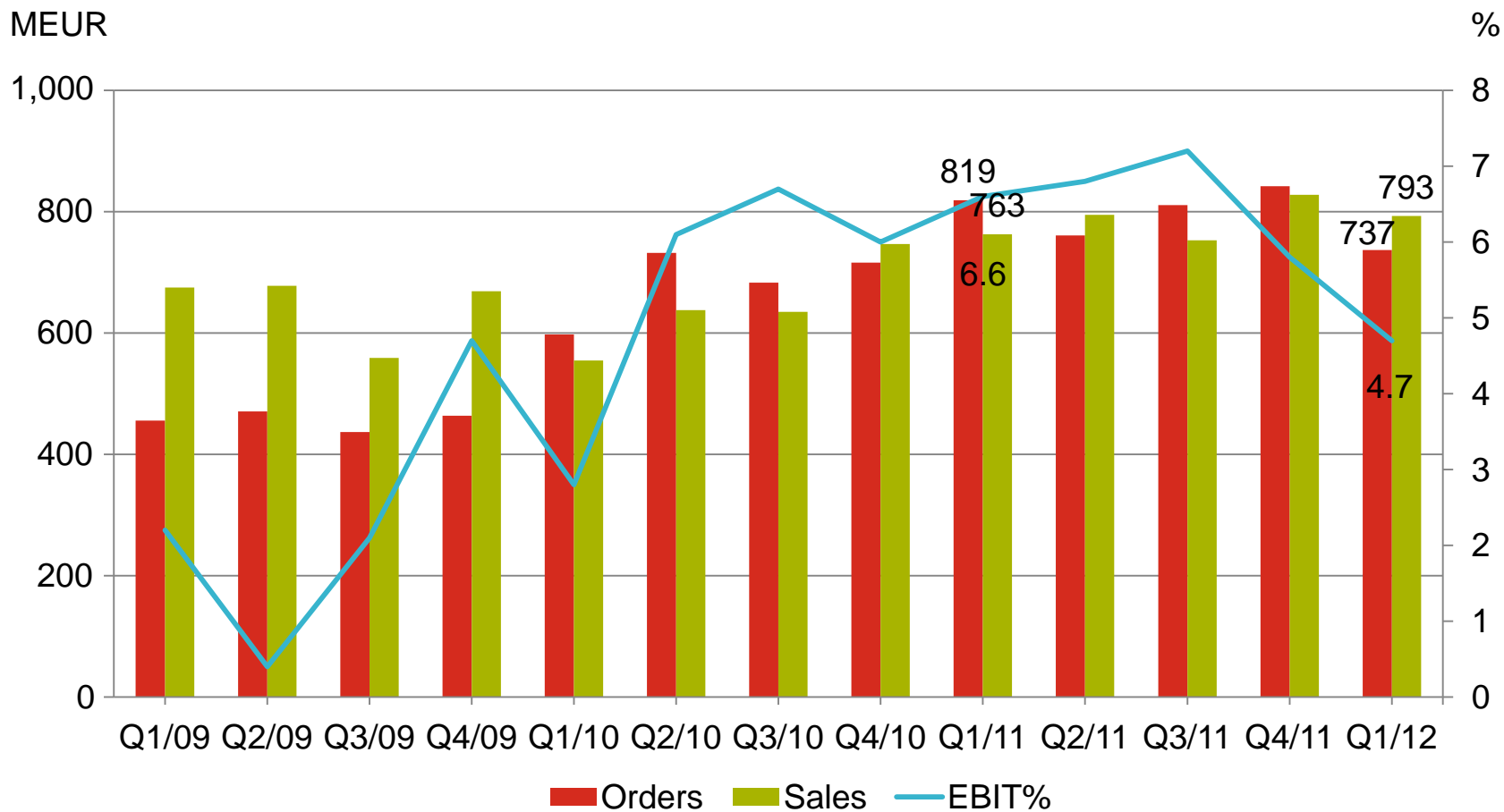
- Market activity was healthy in all three segments and geographies
- Order intake declined 10% y-o-y
- Sales grew 4% y-o-y
- Operating profit margin was 4.7%
  - Delayed deliveries resulted in challenging Q1 in Terminals
- Cargotec evaluates listing of Marine on Singapore Exchange
- Guidance unchanged



## Q1 key figures

	Q1 2012	Q1 2011	Change	2011
Orders received, MEUR	737	819	-10%	3,233
Order book, MEUR	2,342	2,373	-1%	2,426
Sales, MEUR	793	763	4%	3,139
Operating profit, MEUR	37.6	50.6	-26%	207.0
Operating profit margin, %	4.7	6.6		6.6
Cash flow from operations, MEUR	-2.2	36.2		166.3
Interest-bearing net debt, MEUR	389	335		299
Earnings per share, EUR	0.42	0.59		2.42

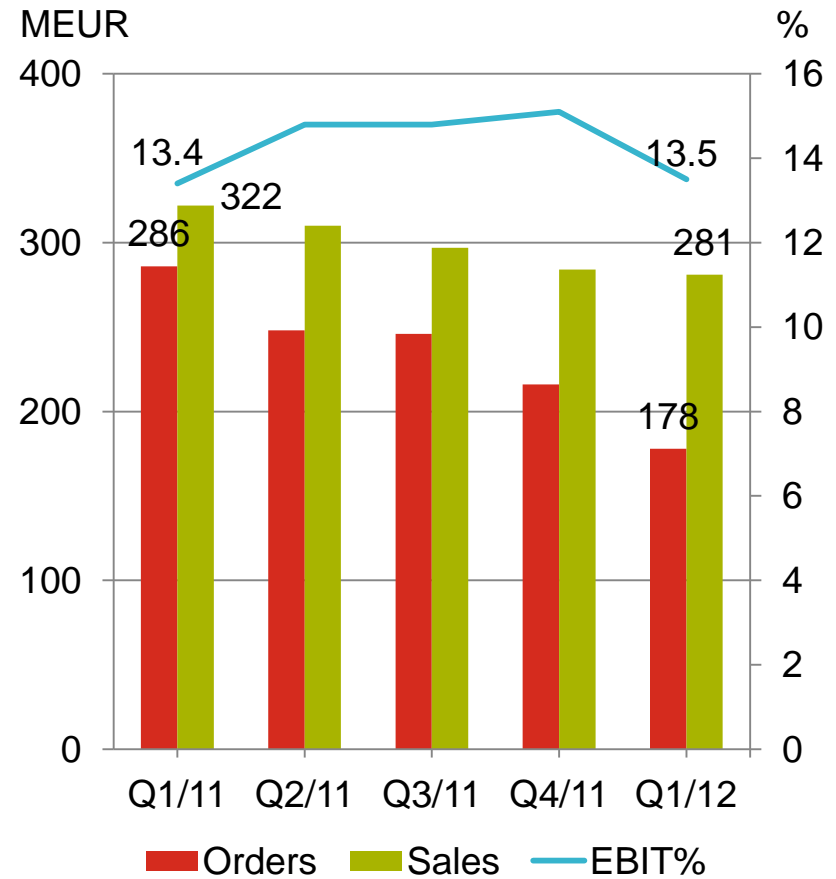
# Performance development



EBIT% excluding restructuring

## Marine – healthy order intake in sluggish market

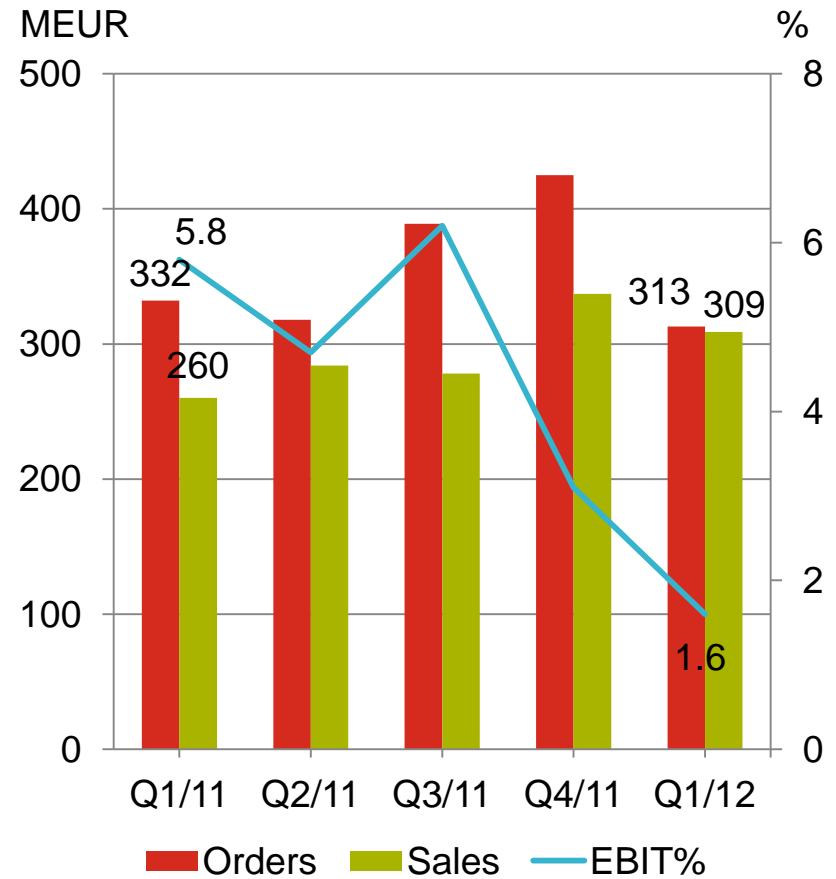
- The low level of new ship orders reflected in demand for marine cargo handling equipment.
- Demand for marine cargo handling equipment for offshore vessels improved, accounting for a quarter of Marine's orders.
- Sales remained at healthy level thanks to order book and successful deliveries.
- Profitability was at expected level.
- The gradual recovery continued in services.





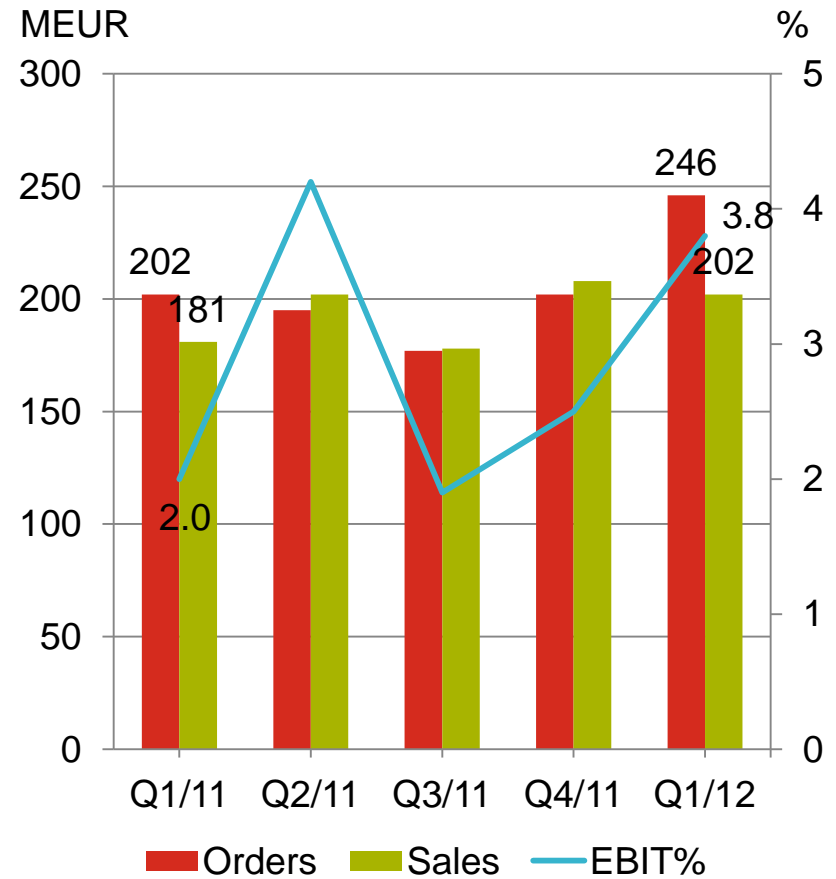
## Terminals – challenging first quarter

- Demand was healthy for container handling equipment used in ports. Customer interest in larger projects was evident in several negotiations underway.
- Sales grew 19% as a result of stronger order book.
- Profitability declined to 1.6%:
  - Delay in deliveries
  - Service business' low share of sales
  - A less favourable product mix
  - R&D costs doubled y-o-y



# Load Handling – healthy orders and sales, profitability improved

- Market for load handling equipment clearly exceeded general market expectations. Demand grew in the US and it was also healthy in Europe.
- Order received grew 22% q-o-q and y-o-y.
- Orders grew in all geographic areas, most in Americas.
- Sales grew 12% thanks to order book and favourable market environment.
- Profitability improvement to 3.8% was supported by actions taken to improve the efficiency of the way of working and supply chain, together with increased volumes.
- The growth in orders for services was boosted by spare parts and installations.

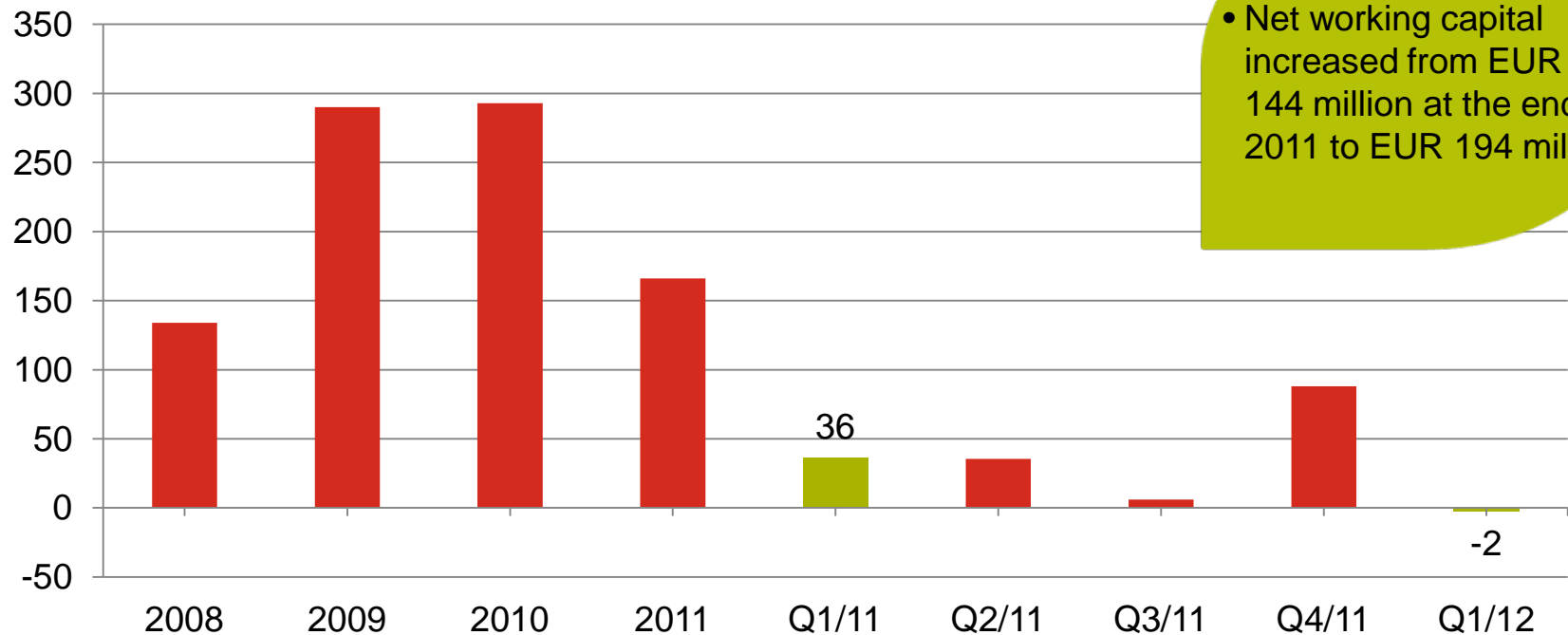


## Gross profit development

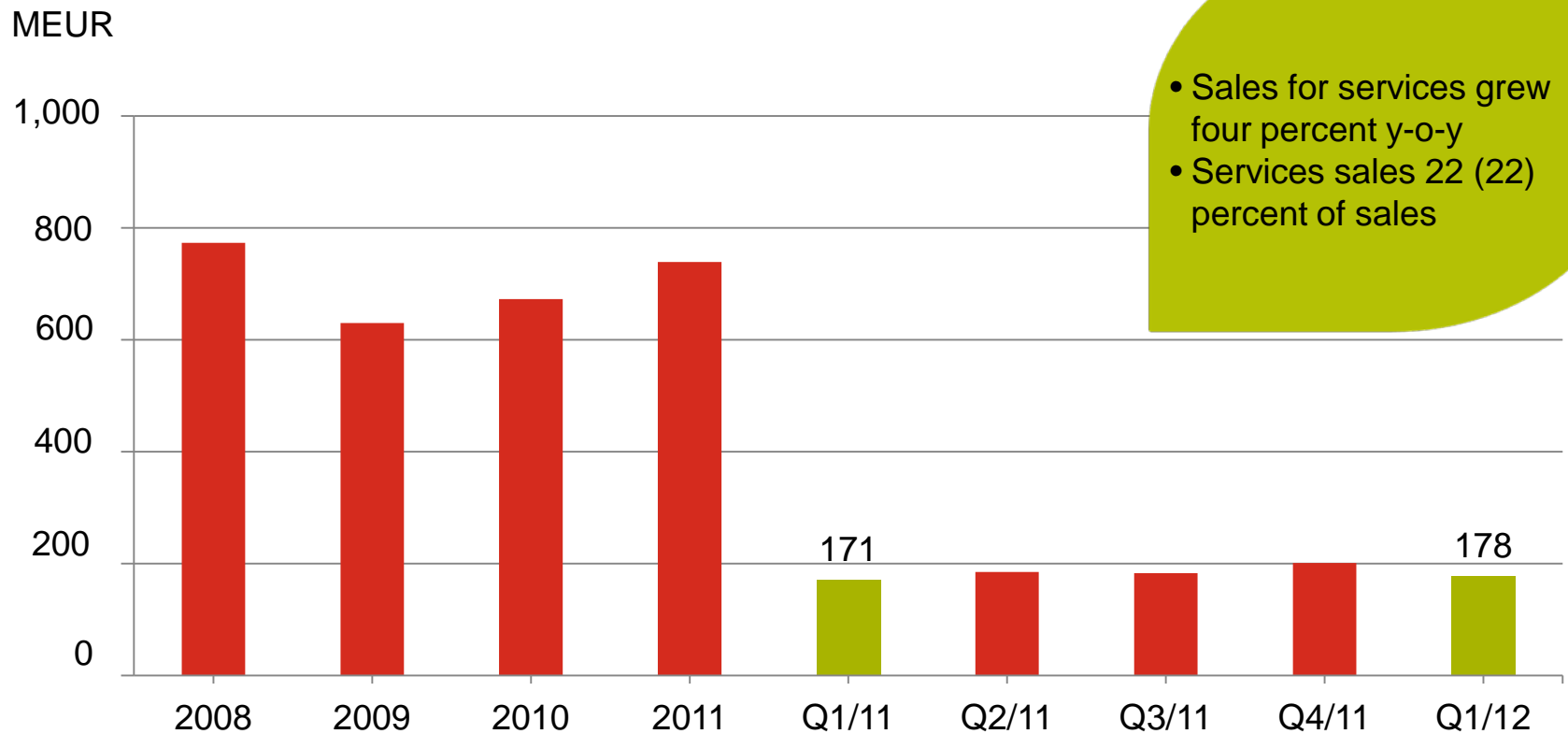


## Increase in net working capital weakened cash flow from operations

MEUR

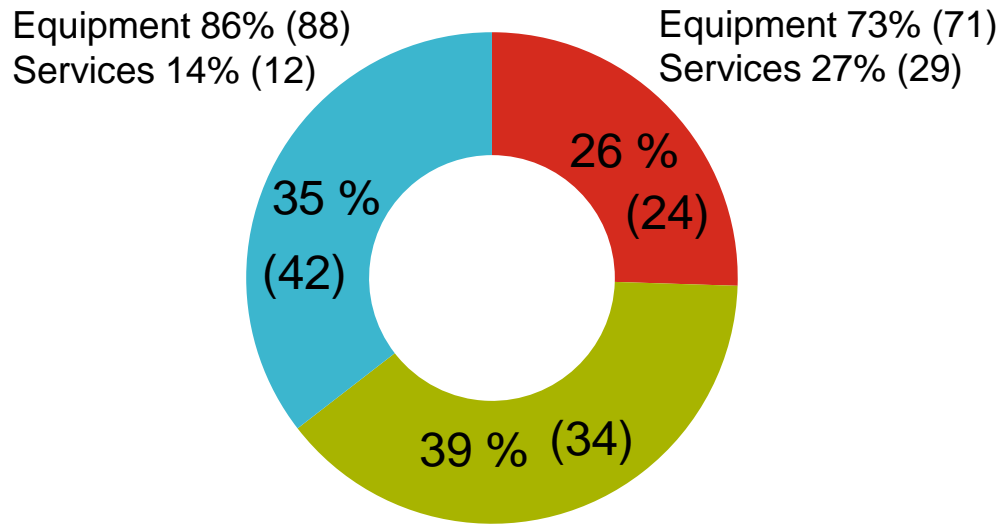


## Services sales were stable

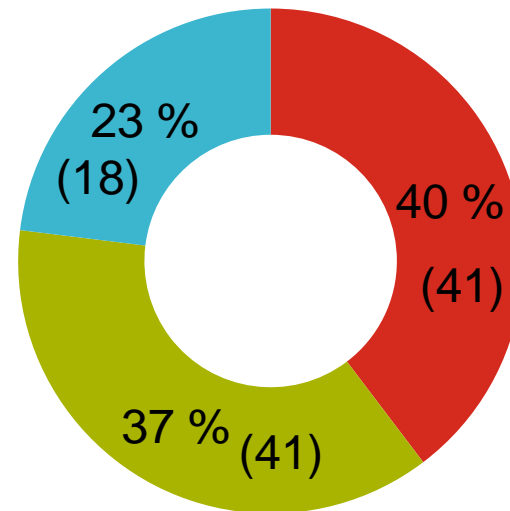


# EMEA slightly bigger than APAC in sales

Sales by reporting segment Q1/2012, %



Sales by geographical segment Q1/2012, %



■ Marine ■ Terminals ■ Load Handling

■ Americas ■ APAC ■ EMEA

## 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



## Outlook

- Marine segment profitability is expected to continue healthy, although full year sales are expected to decline slightly from previous year.
- Sales in Terminals and Load Handling segments are expected to grow as a result of the order book. Terminals segment order book supports expectations that the segment's profitability will clearly improve from the first quarter.
- Cargotec expects its 2012 sales to grow and operating profit margin to improve compared to 2011.



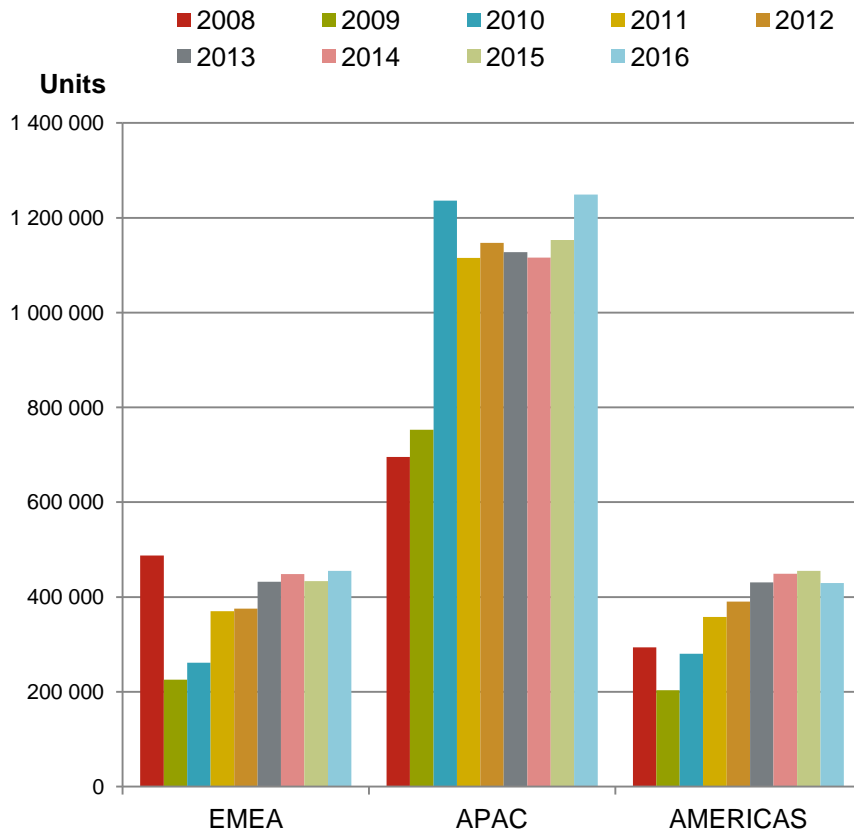


# Appendices

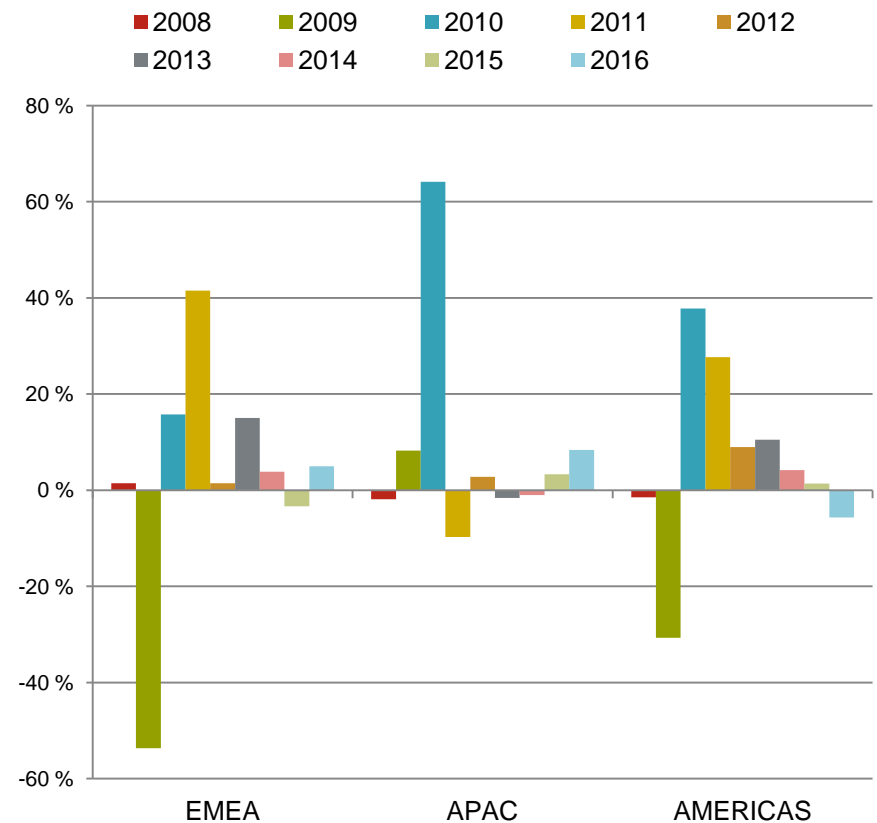


# Macro indicator trends

Truck sales GVW over 15 ton - Regions



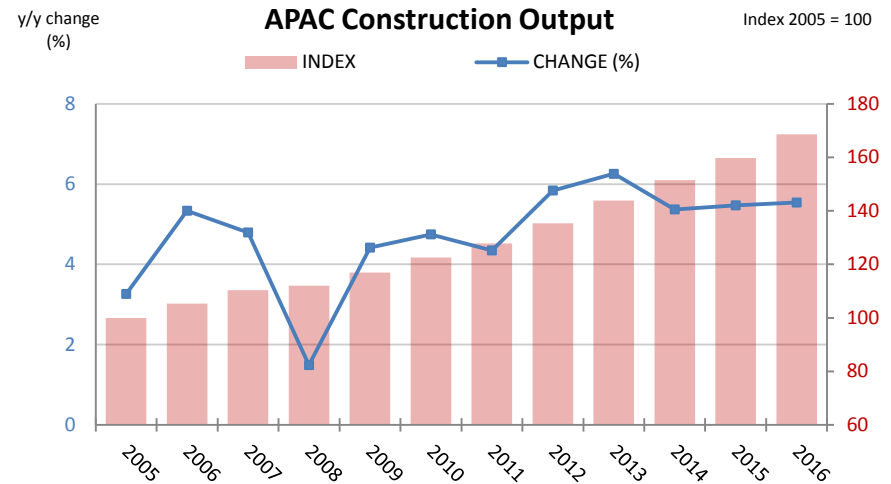
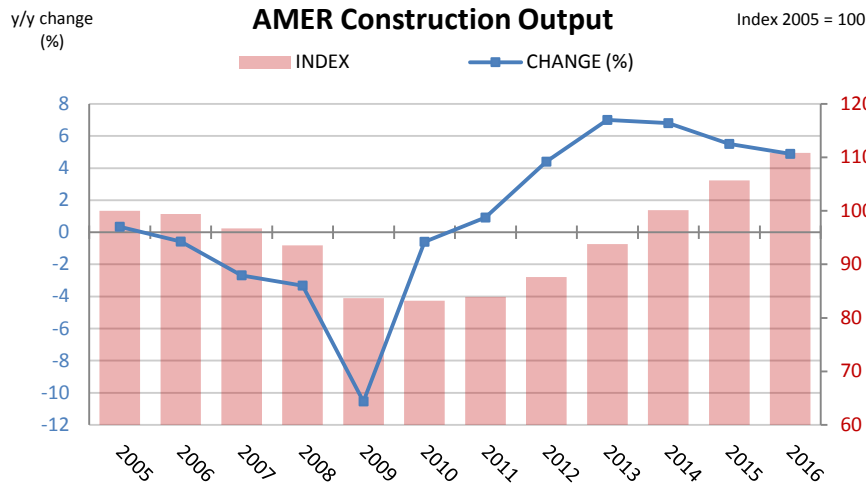
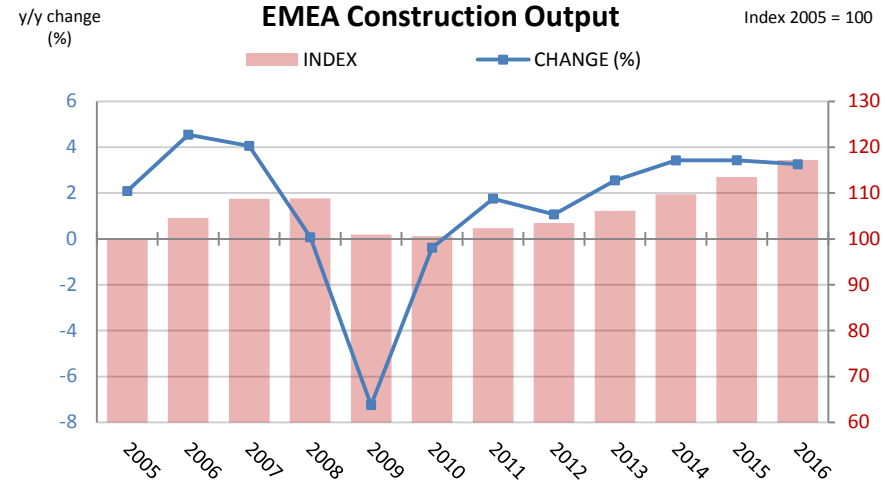
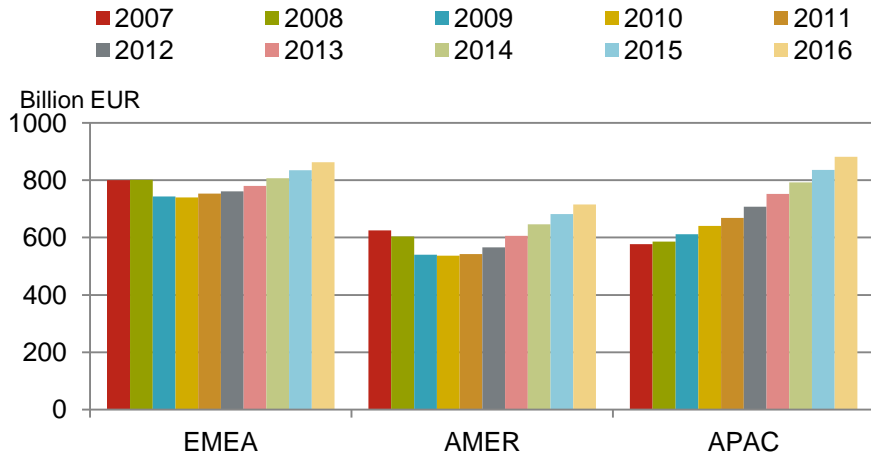
Sales growth GVW over 15 ton - Regions



Source: IHS Global Insight Q1/2012

# Macro indicator trends

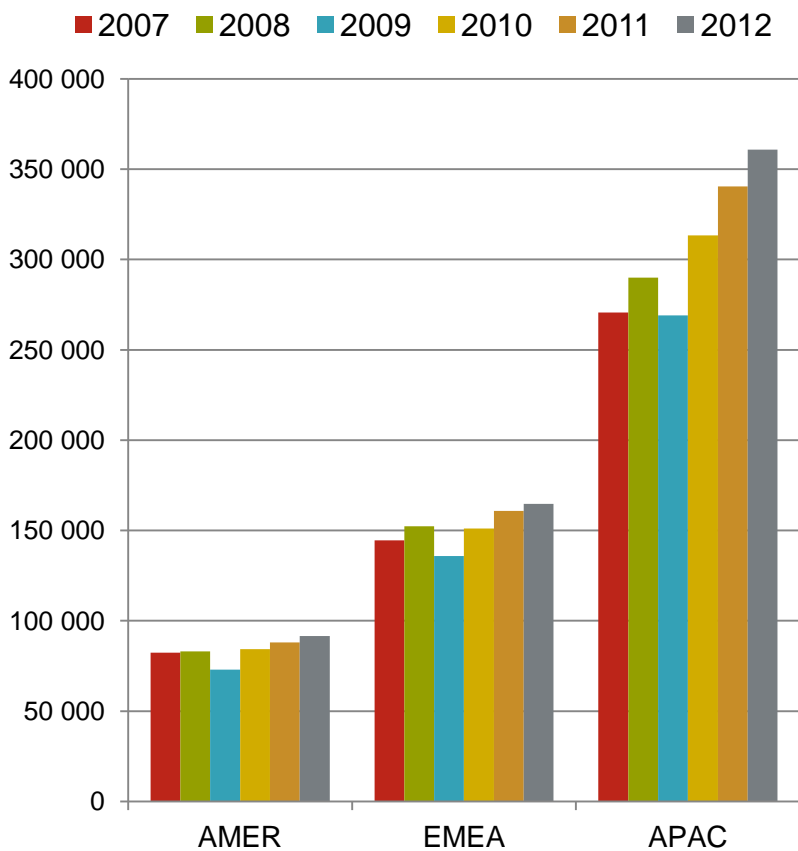
## Total Construction Output



Source: Oxford Economics Q1/2012

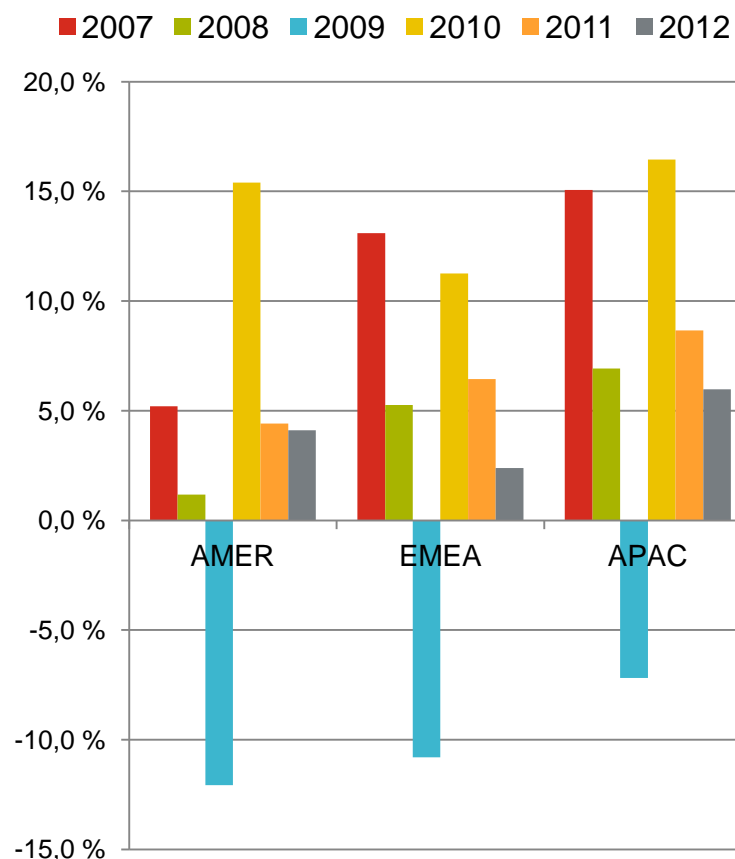
# Macro indicator trends

Drewry (Throughput '000 TEU units)



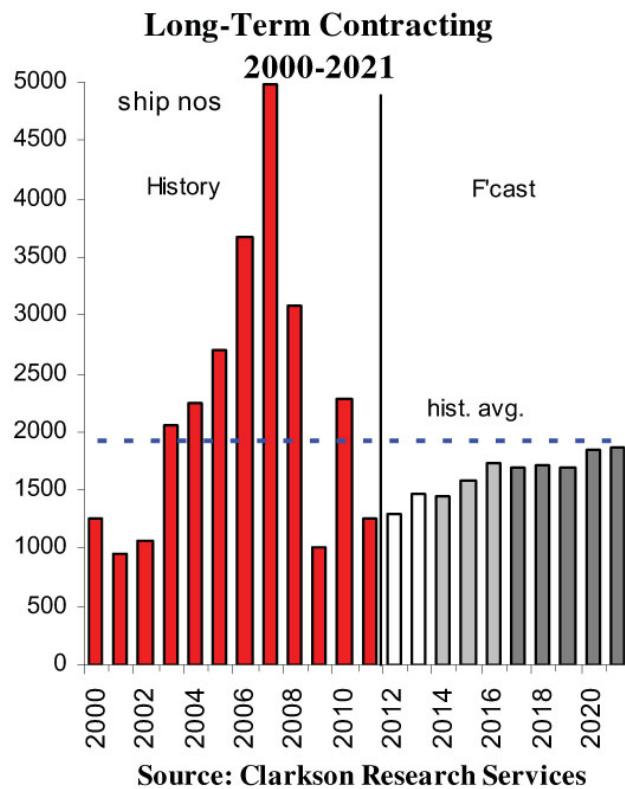
Source: Drewry Container Forecaster Q1/2012

Drewry (Throughput TEU % change)



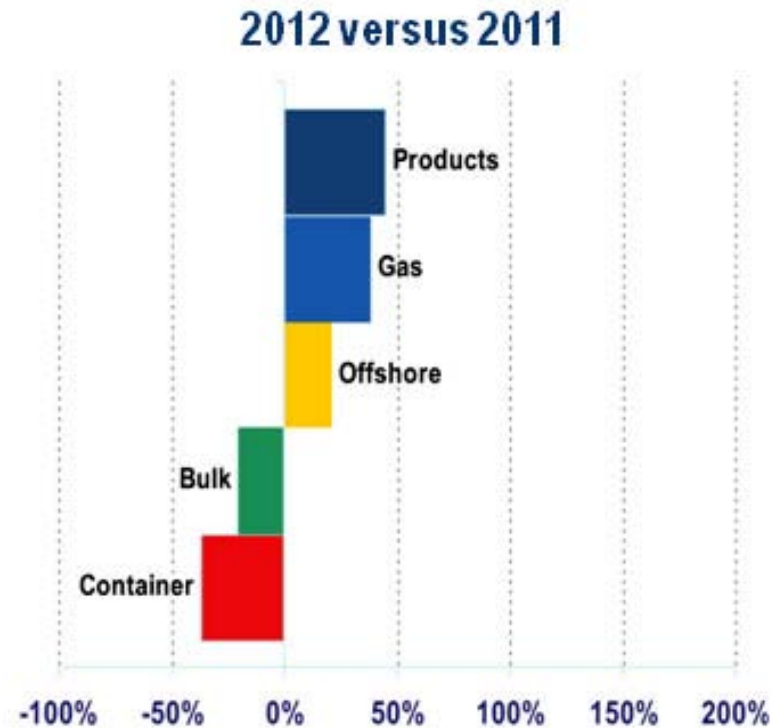
# Ship contracting forecast

## Contracting forecast

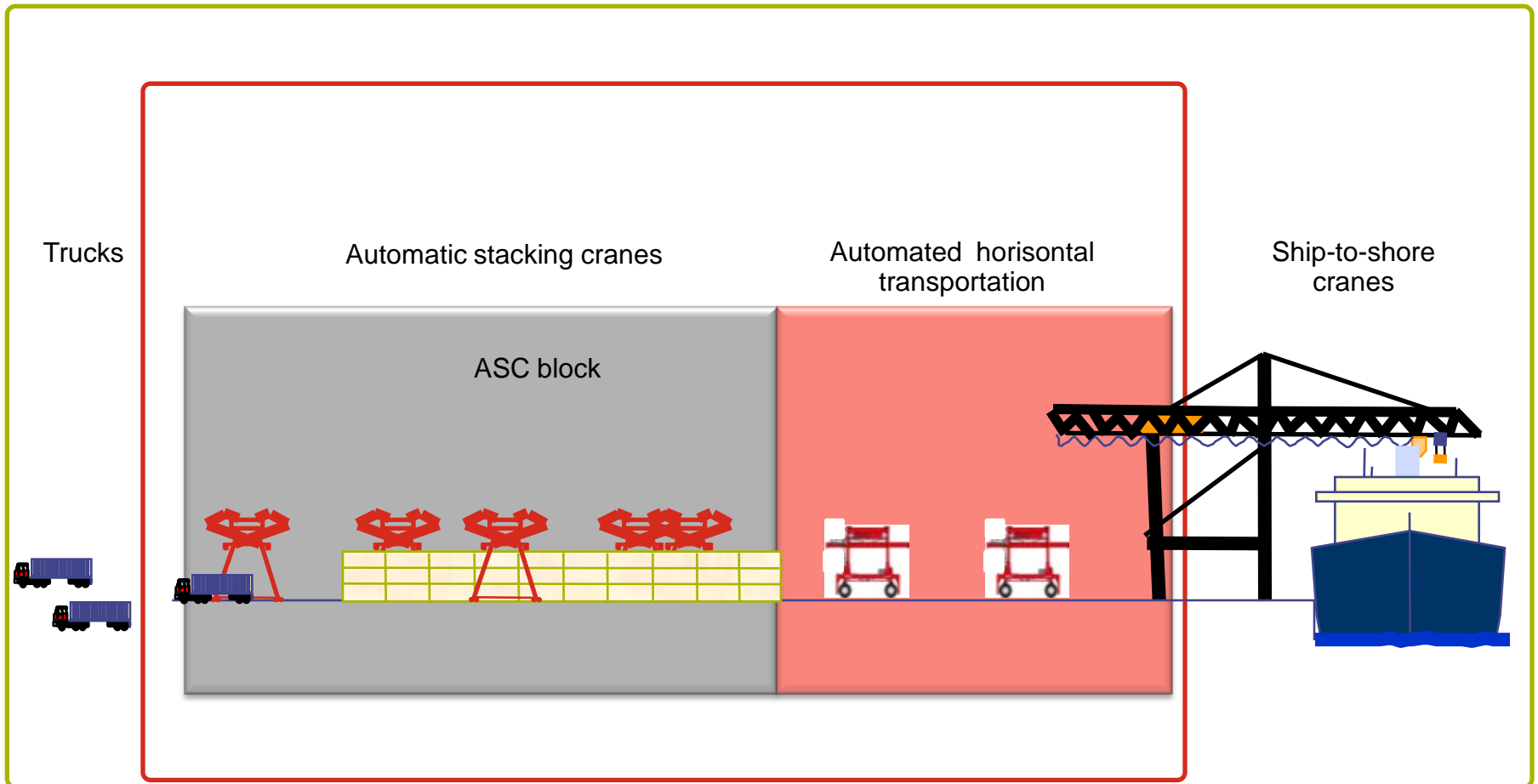


Source: Clarkson research 3/2012

## 2012 winners and losers



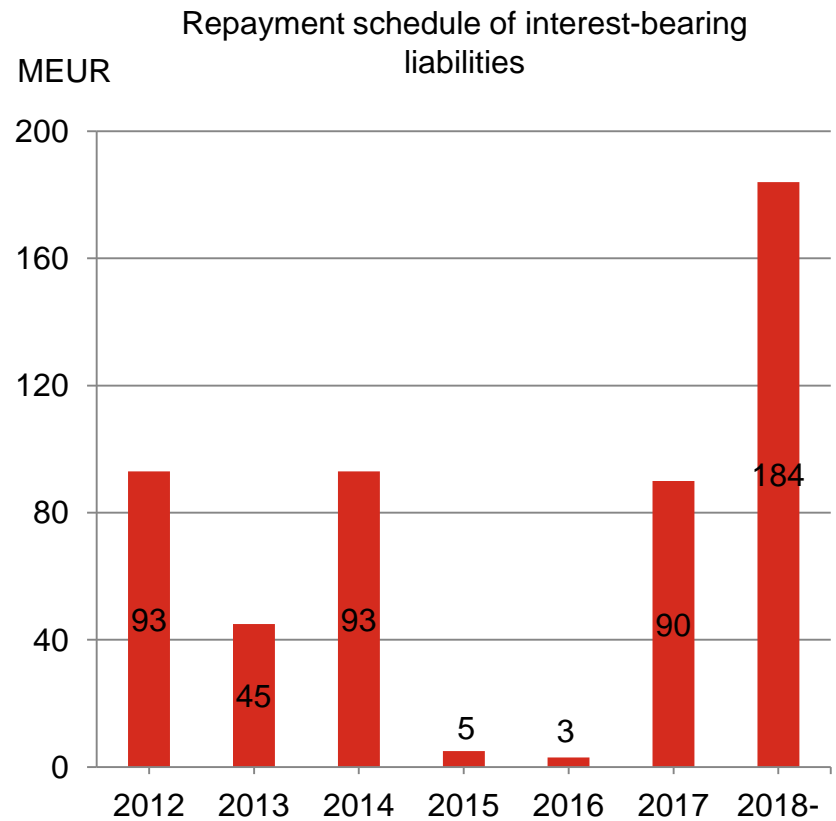
# Terminal operating system



## Low gearing and strong liquidity 31 Mar 2012

- Gearing 33.8%
- Net debt MEUR 389
- Liquidity MEUR 430
  - Cash and cash equivalents MEUR 130
  - Unused and committed long-term revolving credit facility of MEUR 300

→ 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™