

**CARGOTEC**

# Paris road show – 27 September 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

## Separate listing of Marine in Asia

- A separate listing of Marine business area provides an opportunity to accelerate growth and value creation of the business
- The Board of Directors has decided to proceed with the preparations for a separate listing of Marine in Asia latest by second half of 2013 subject to market conditions
- Cargotec will retain a majority stake in the listed subsidiary



## 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



## January–June 2012 financials



## Highlights of Q2

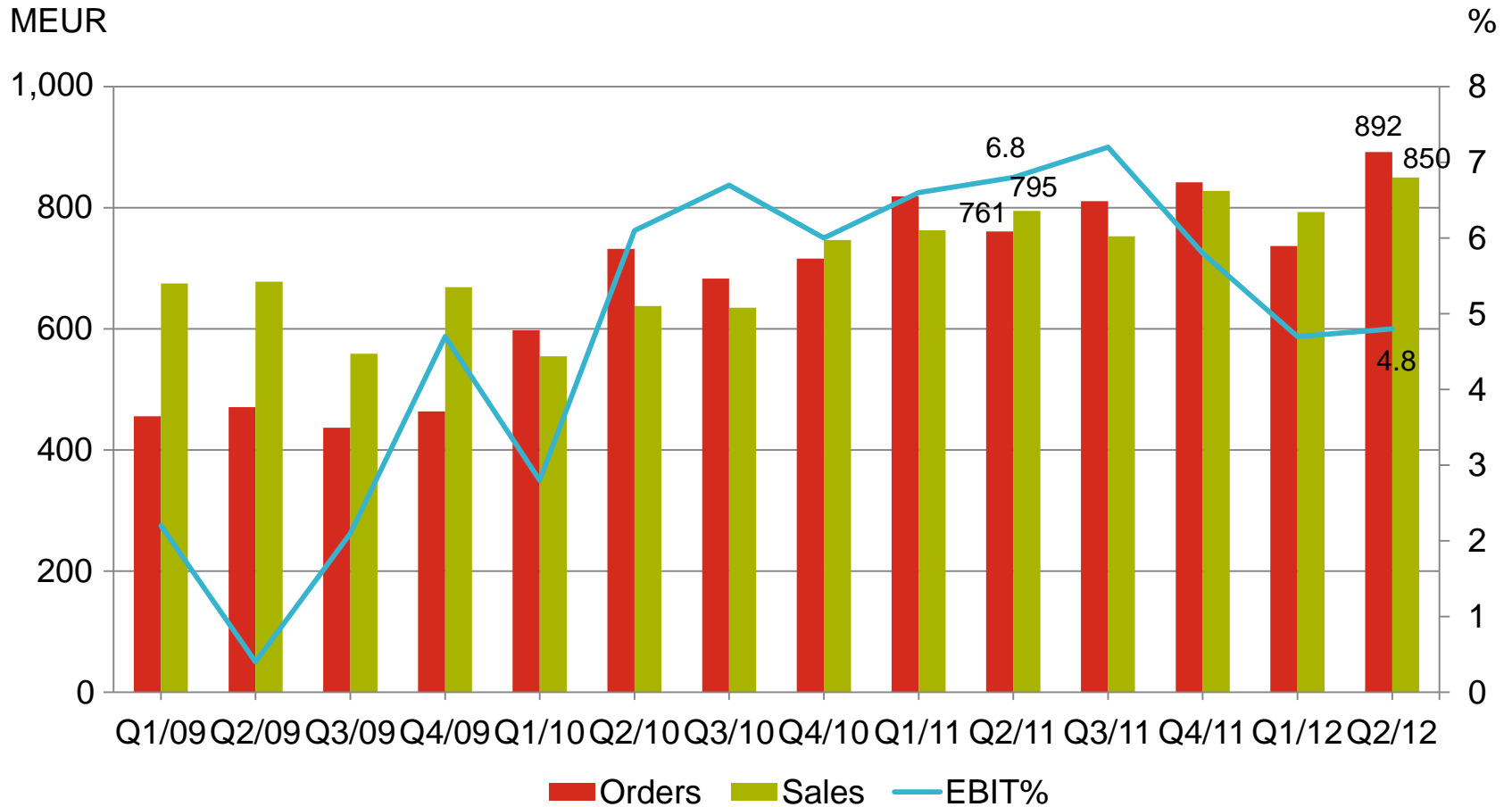
- Strategic foundation in Asia established
- Order intake increased 17% y-o-y
- Sales grew 7% y-o-y
- Operating profit margin was 4.8%
  - Priority in improving profitability
- Joint venture with Sinotruk (CNHTC)
- 12 June published guidance valid



## January–June key figures

	Q2 2012	Q2 2011	Change	Q1-Q2/2012	Q1-Q2/2011	Change	2011
Orders received, MEUR	892	761	17%	1,629	1,580	3%	3,233
Order book, MEUR	2,413	2,306	5%	2,413	2,306	5%	2,426
Sales, MEUR	850	795	7%	1,643	1,558	6%	3,139
Operating profit, MEUR	41.2	54.0	-24%	78.7	104.6	-25%	207.0
Operating profit margin, %	4.8	6.8		4.8	6.7		6.6
Cash flow from operations, MEUR	-25.6	35.4		-27.8	71.6		166.3
Interest-bearing net debt, MEUR	497	335		497	335		299
Earnings per share, EUR	0.48	0.69		0.90	1.28		2.42

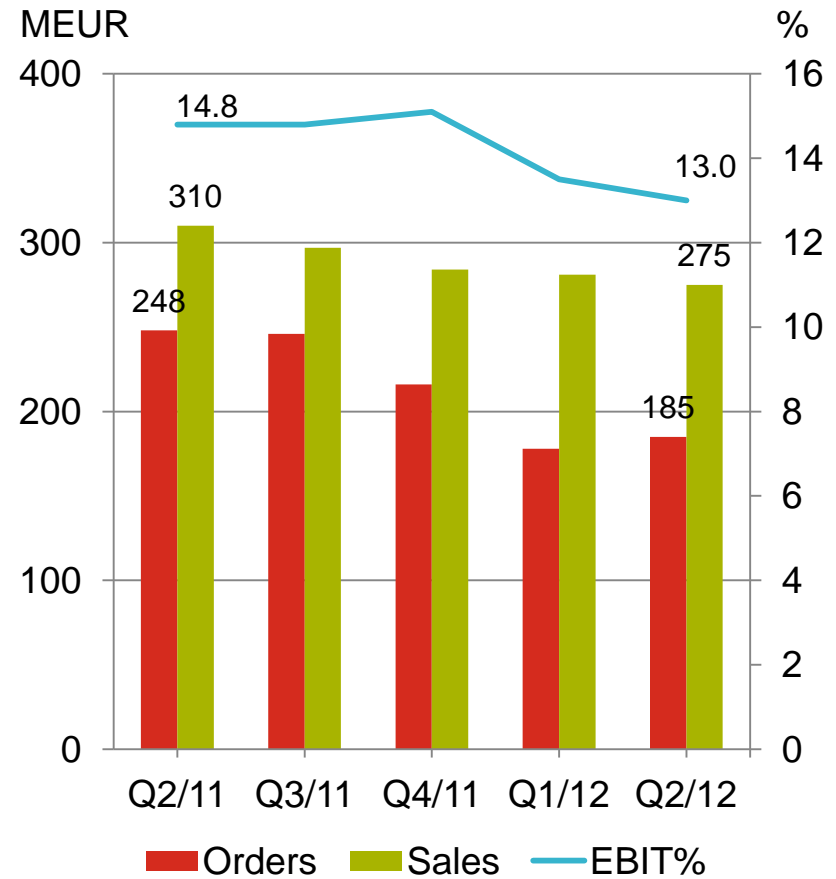
# Performance development



EBIT% excluding restructuring

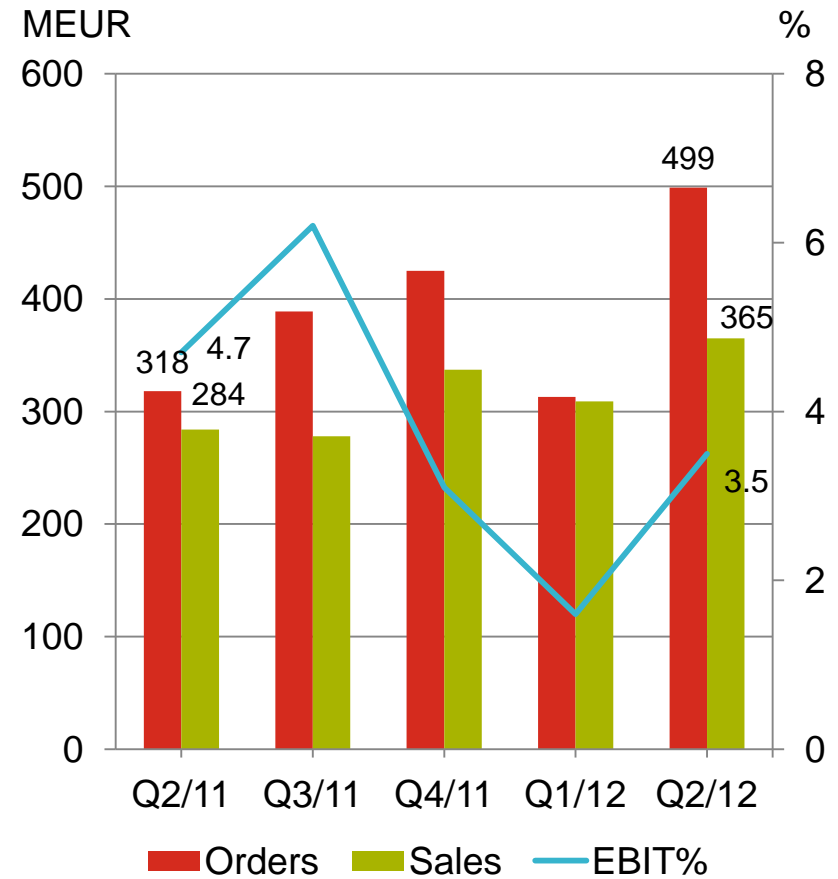
## Marine Q2 – offshore orders continued to grow

- The low level of new ship orders reflected in demand for marine cargo handling equipment.
- Demand for marine cargo handling equipment for offshore vessels continued to improve, accounting more than 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.



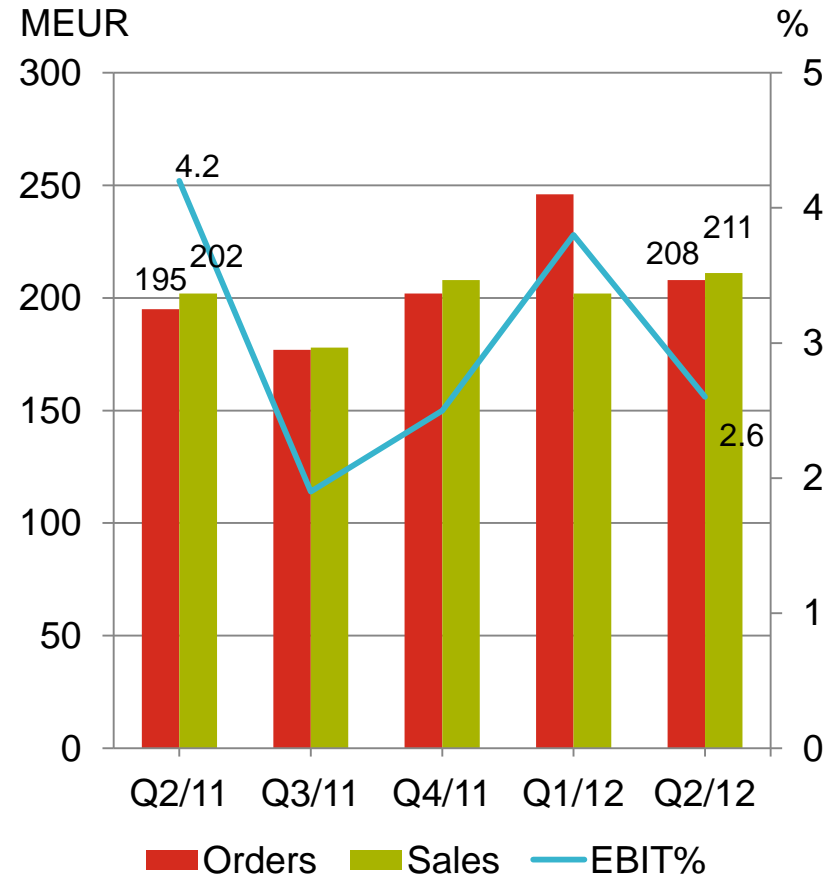
## Terminals Q2 – strong growth in orders

- Demand for container handling equipment used in ports picked up in the second quarter, due to the realisation of several major projects.
- Order intake grew 57% y-o-y.
- Sales grew 28% y-o-y.
- Profitability was 3.5%.
  - Improvement in profitability priority #1
  - Low profitability in big cranes
  - Changes in product and market mix
  - Service business' low share of sales
  - Challenging competitive situation
- Investments in port automation technology continued.



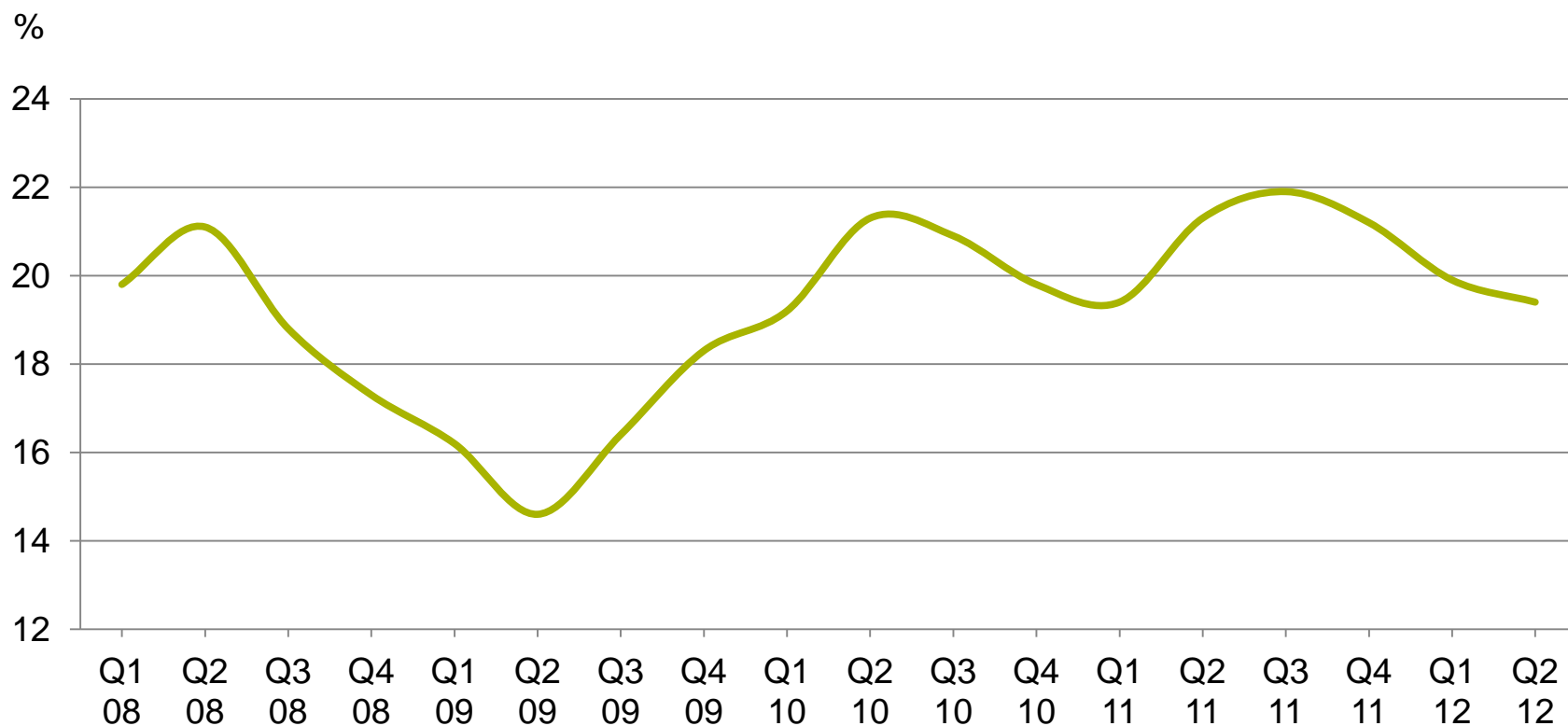
## Load Handling Q2 – profitability weaker than normal

- The market for load handling equipment clearly exceeded general market expectations during the first half, but during the second quarter signs of uncertainty in Europe increased. Demand continued to perk up in the USA.
- Order received grew 7% y-o-y.
- Sales grew 5% y-o-y.
- Operating profit margin of 2.6% was weaker than normal, which should be rectified in the second half of the year.
  - Challenging competitive situation
- The growth in orders for services was boosted by spare parts and installations.



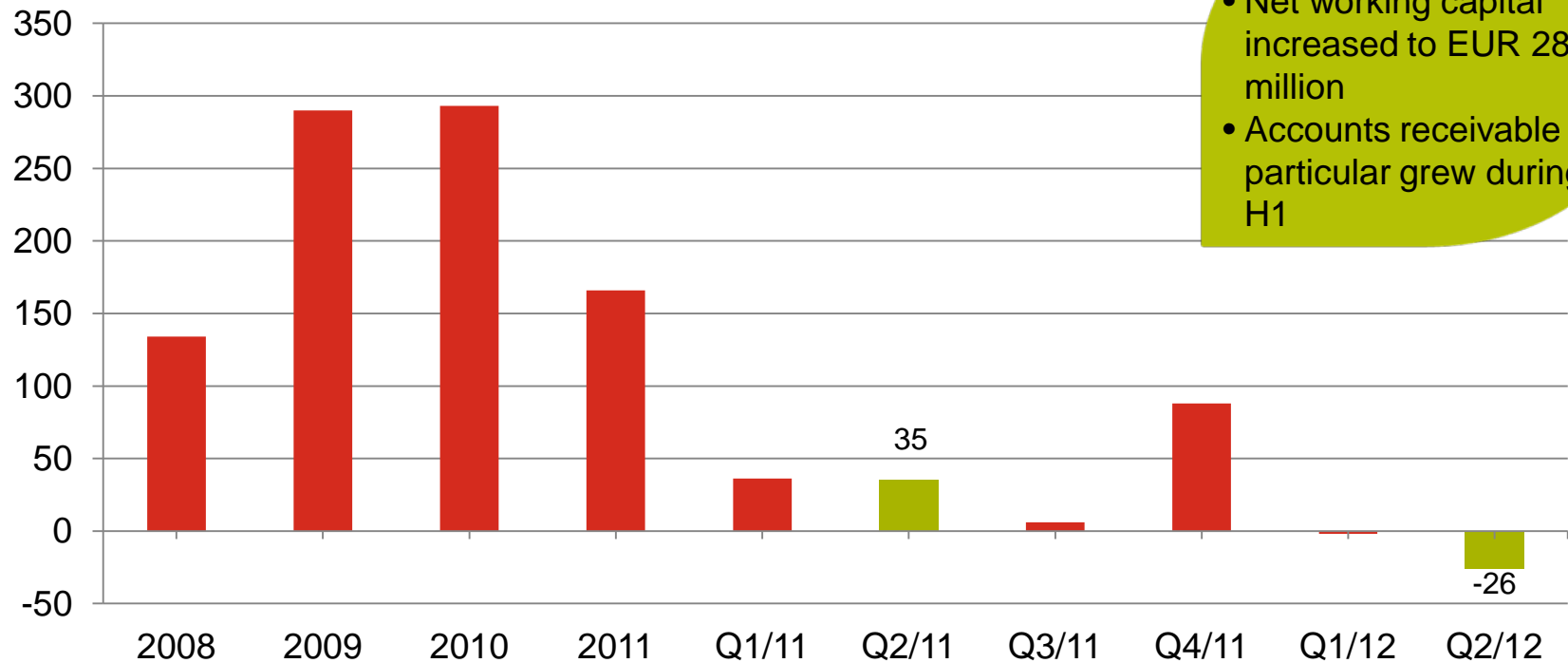


# Gross profit development



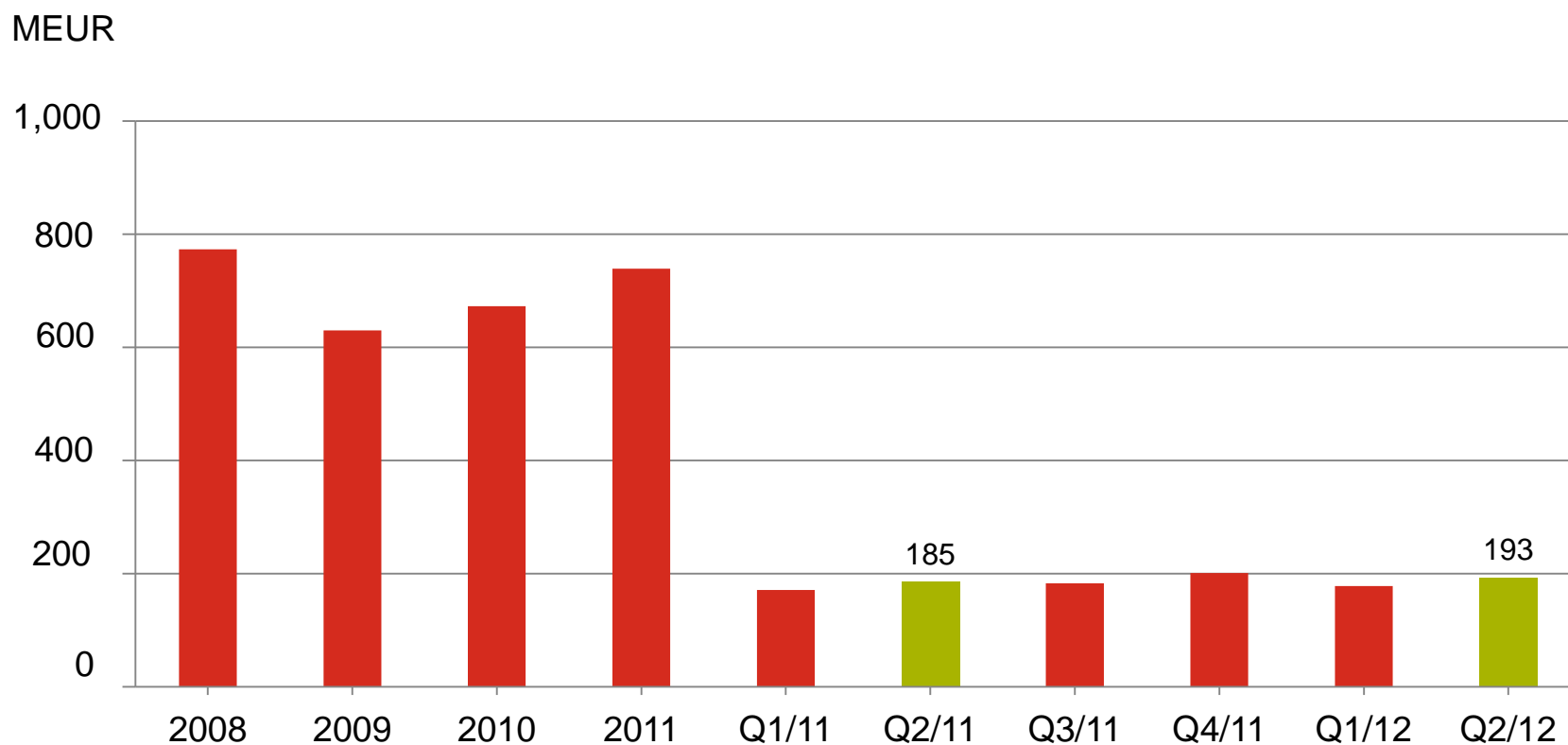
## Increase in net working capital weakened cash flow from operations

MEUR



- Net working capital increased to EUR 280 million
- Accounts receivable in particular grew during H1

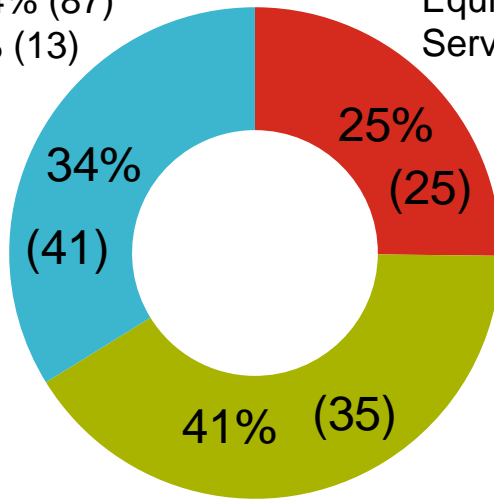
## Services sales grew 4% y-o-y



# Americas increasing its shares of sales

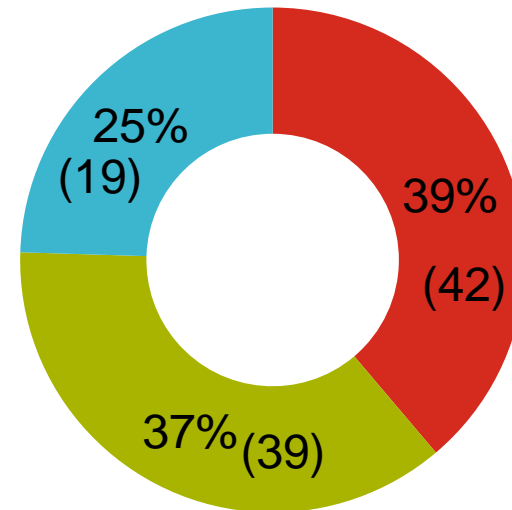
Sales by reporting segment H1/2012, %

Equipment 84% (87)  
Services 16% (13)



Sales by geographical segment H1/2012, %

Equipment 72% (72)  
Services 28% (28)



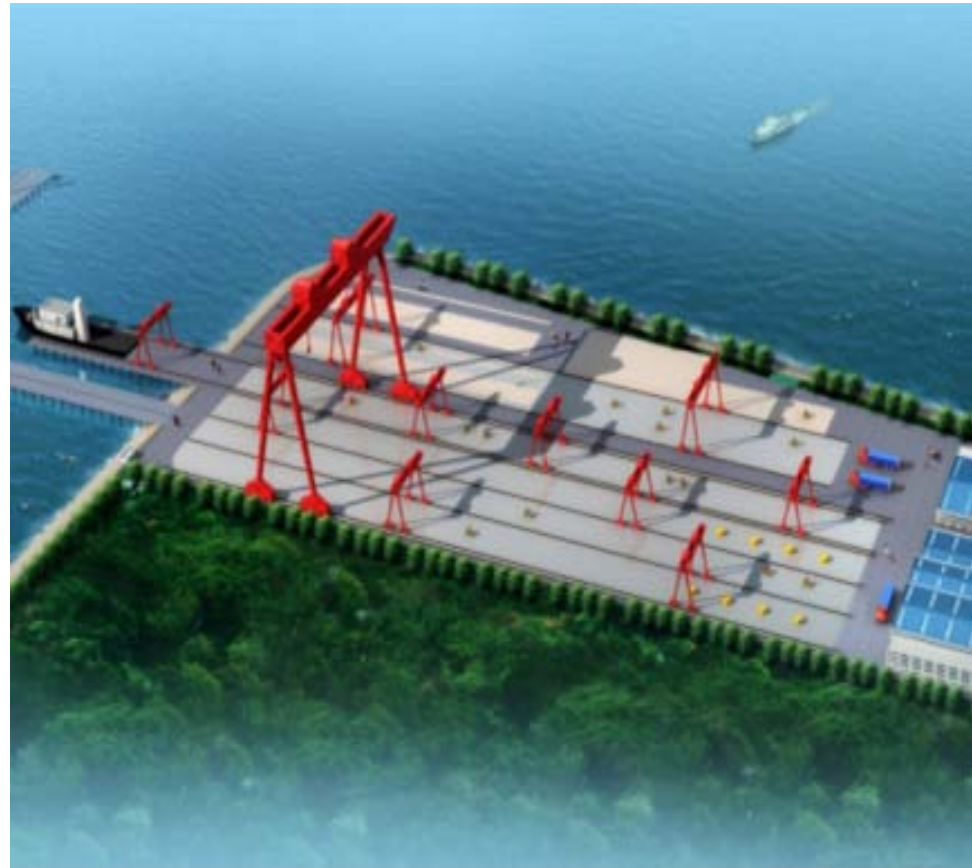
Equipment 75% (69)  
Services 25% (31)

■ Marine ■ Terminals ■ Load Handling

■ Americas ■ APAC ■ EMEA

## Terminals strategy

- Strategic target is to be the leading provider of integrated solutions for terminal customers
- Strategic focus areas:
  - Profit growth over sales growth
  - Cost efficiency through Rainbow-Cargotec Industries joint venture
  - Terminal project execution
  - Offering development, including equipment, systems & automation and services



## Load Handling strategy

- Profitability over sales growth
- Strategic target is to be the leading on-road load handling supplier
- Mature markets, China, Brazil and Russia
- Product differentiation
- Lower cost base
- Route to market



## Cargotec's key priorities in 2012

- Improving profitability
- Strategic foundation in Asia for Terminals and Load Handling
- Growth opportunities for Marine
- Cargotec ERP



## Outlook

- Cargotec's 2012 operating profit margin is expected to be approximately 6 percent.
- Sales are expected to grow from 2011.



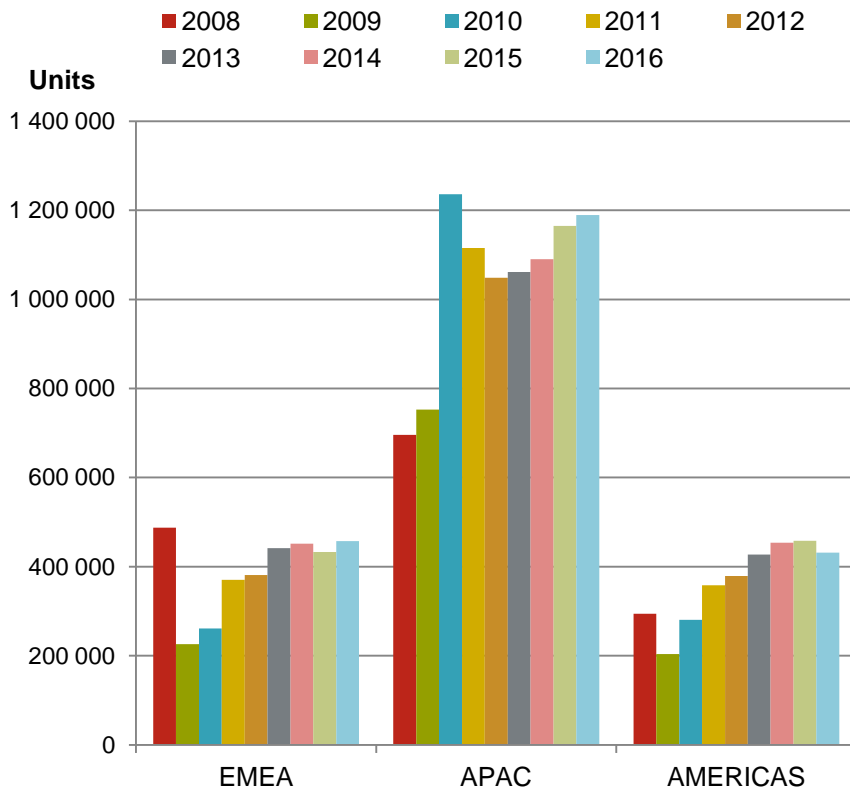


# Appendices

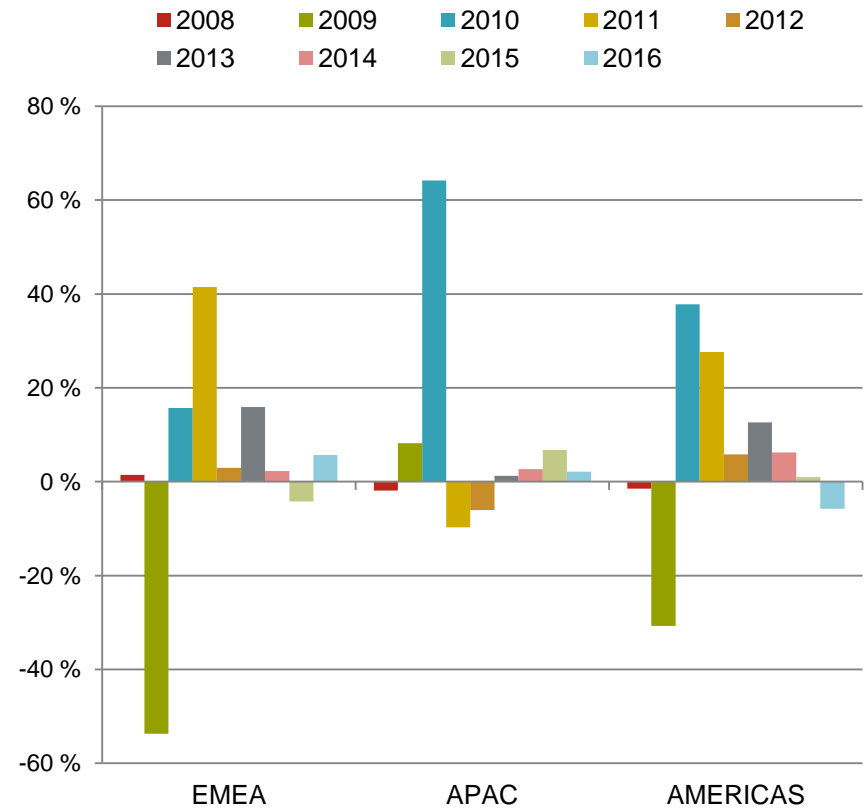


# Macro indicator trends

Truck sales GVW over 15 ton - Regions



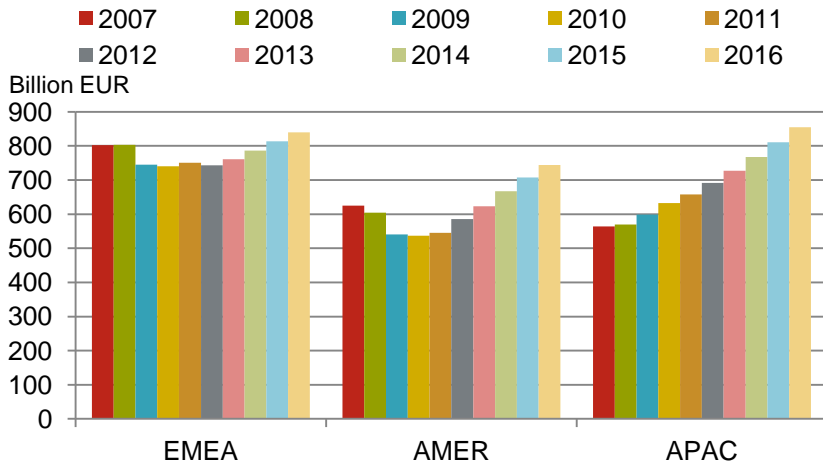
Sales growth GVW over 15 ton - Regions



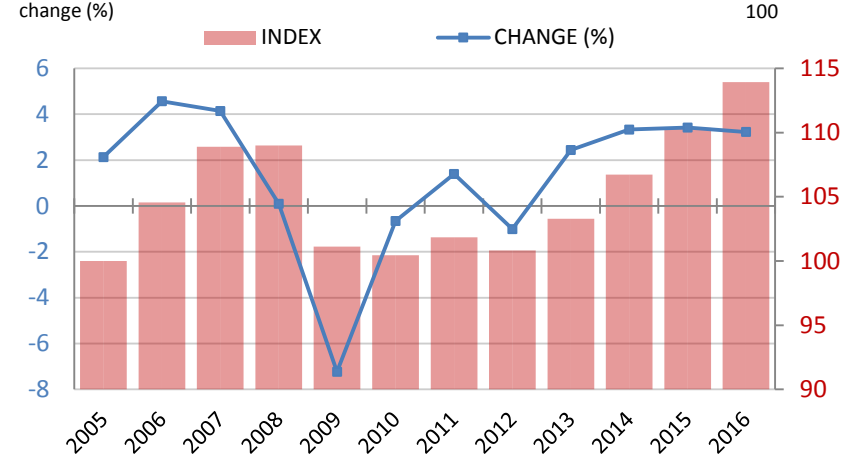
Source: IHS Global Insight Q2/2012

# Macro indicator trends

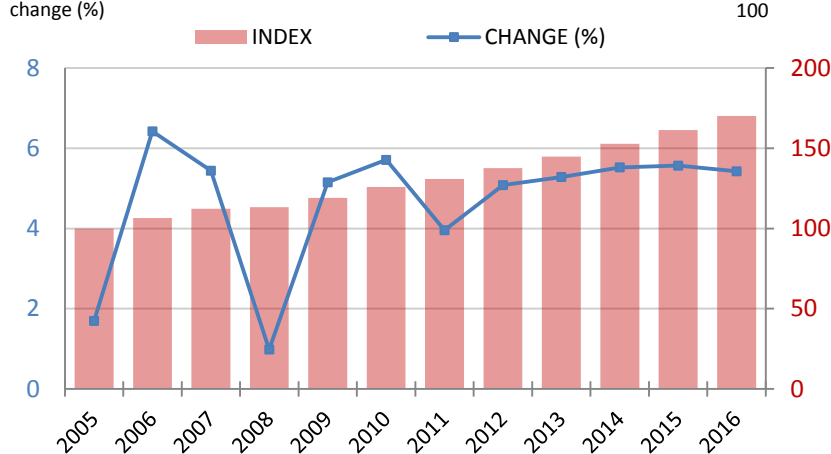
### Total Construction Output



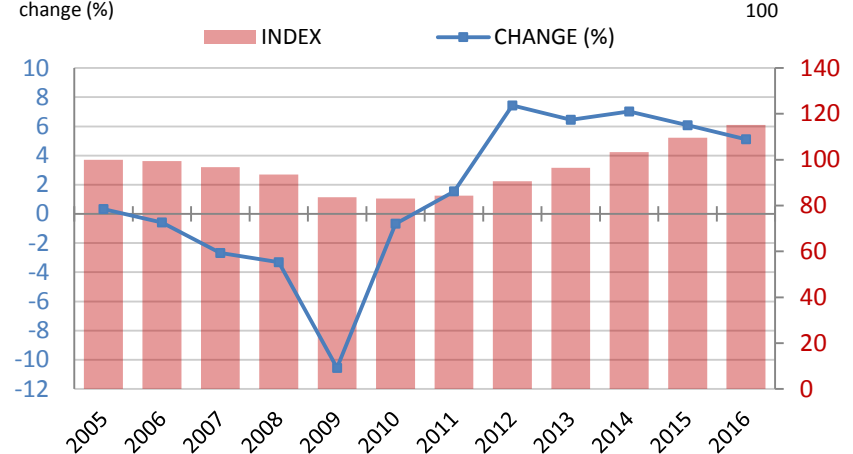
### EMEA: Construction output



### APAC: Construction Output



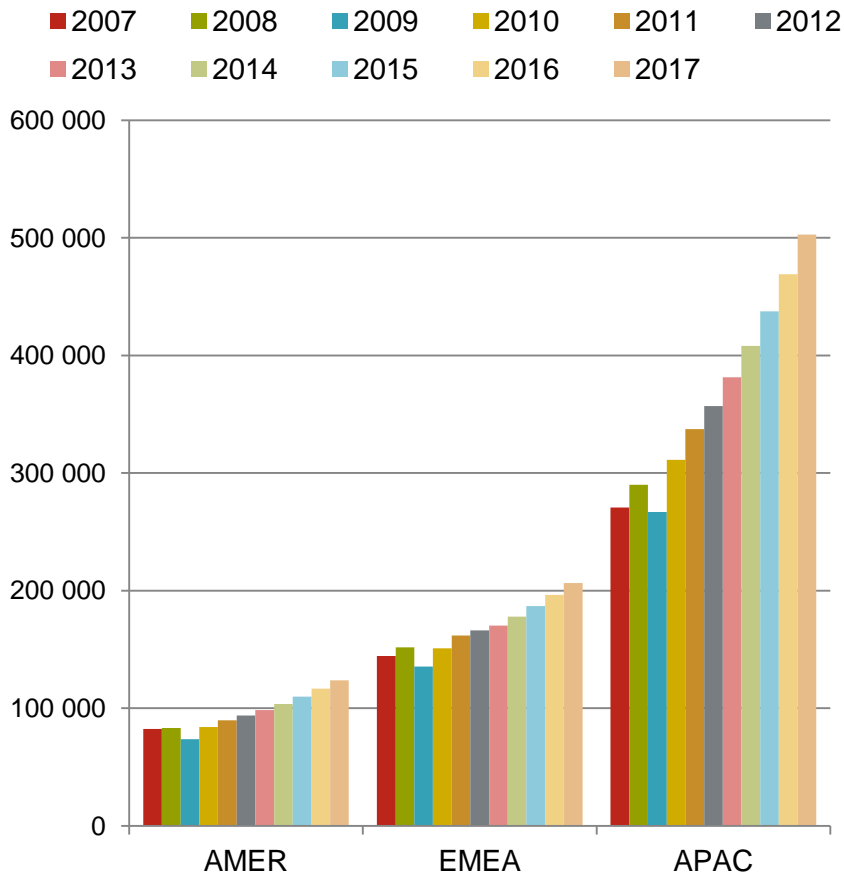
### AMER: Construction Output



Source: Oxford Economics Q3/2012

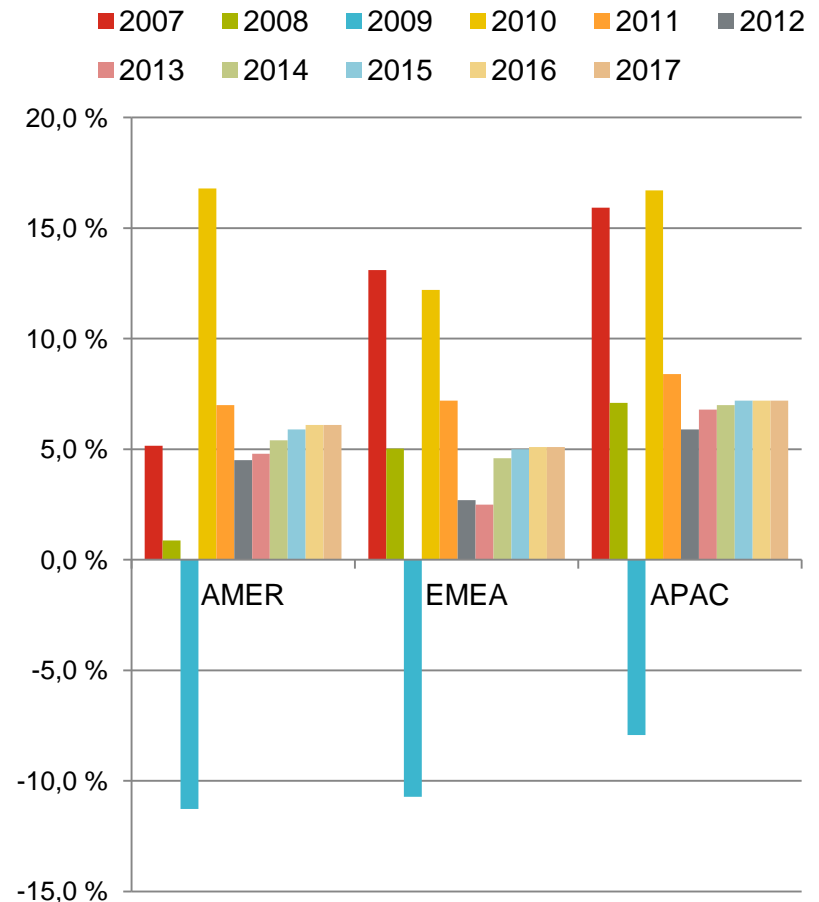
# Macro indicator trends

Drewry (Throughput '000 TEU units)



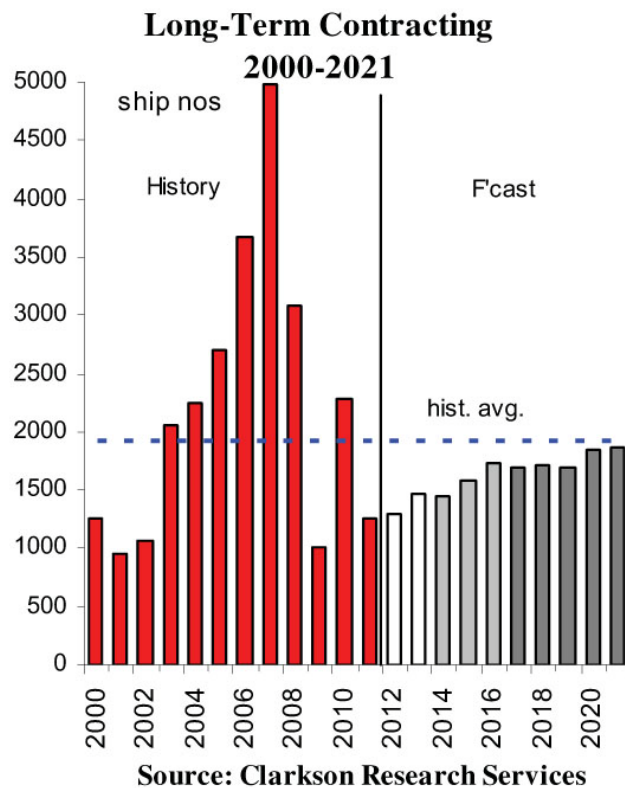
Source: Drewry Global Container Terminal Operators, Annual Report 2012

Drewry (Throughput TEU % change)



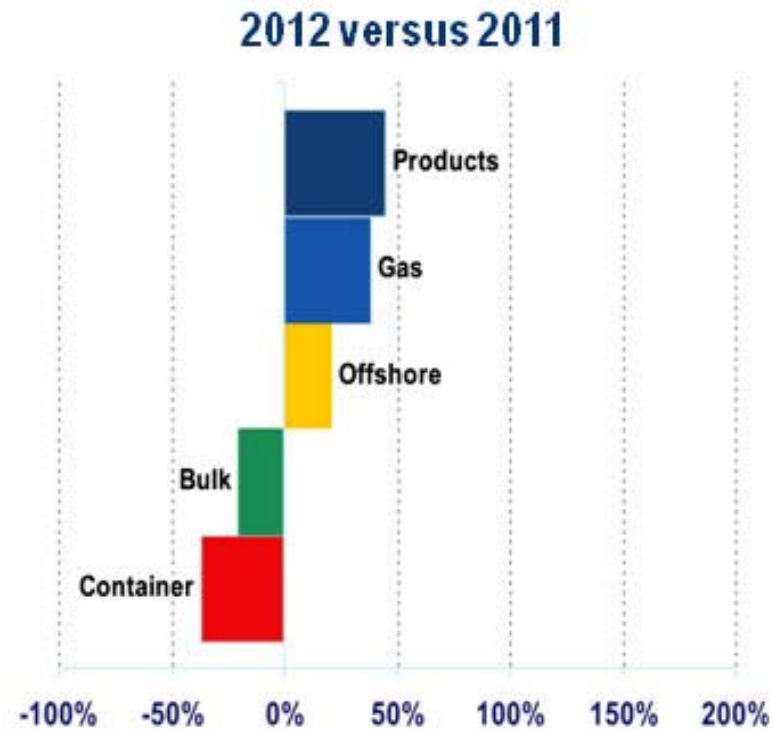
# Ship contracting forecast

## Contracting forecast



Source: Clarkson research 3/2012

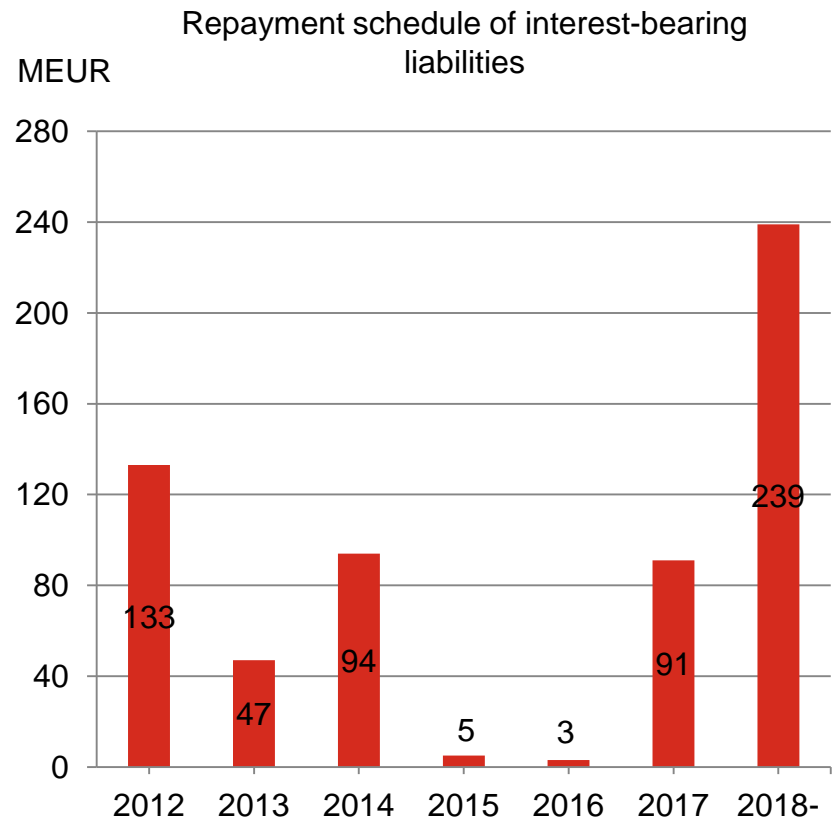
## 2012 winners and losers



## Low gearing and strong liquidity 30 Jun 2012

- Gearing 41.7%
- Net debt MEUR 497
- Liquidity MEUR 410
  - Cash and cash equivalents MEUR 110
  - 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					X
• Effer	X					
• HMF	X					
• Unic		X				
• Tadano		X				
• National		X				
• Meiller			X			
• VDL			X			
• Stellar	X		X			
• Shimaywa			X	X		
• D'Hollandia				X		
• Bär				X		
• Dautel				X		
• Anteo				X		
• Maxon				X		
• Tommy Gate				X		
• Manitou					X	
• Terberg Kinglifter					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	ASC carriers	RTG/RMG cranes	Straddle/Shuttle carriers	Reach stackers	Fork lift trucks	Terminal tractors. AGVs	Spreaders	Mobile harbour cranes	Services
• Kalmar	X	X	X	X	X	X	X	X		X
• ZPMC	X	X	X	X				X		
• Konecranes	X	X	X	X	X	X				X
• Terex/Gottwald	X	X	X	X	X	X			X	X
• Sany	X		X		X	X		X		
• Liebherr	X		X	X	X				X	
• Mitsubishi	X		X	X		X				
• Mitsui	X		X					X		
• Kunz		X	X							
• TCM			X	X	X	X				
• CVS				X	X	X	X	X		
• Hyster Heavy					X	X				
• Taylor					X	X				
• Linde Heavy					X	X				
• Zoomlion					X					
• Tomac					X	X				
• Toyota						X				
• Sinotruk							X			
• Capacity							X			
• Terberg							X			
• Mafi							X			
• Stinis								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	RoRo equipment	Self unloaders	Offshore ALH	Offshore winches	Services
• MacGregor	X	X	X	X	X	X	X	X
• TTS	X	X		X		X	X	X
• SMS (ex Seohae)	X			X				(X)
• Iknow (ex Tsuji)	X	X		X				(X)
• Kyoritsu	X			X				
• Nakata	X			X				
• IHI		X						
• Coops & Nieborg	X							
• Macor	X			X		X		(X)
• Navalimpianti	(X)			X		(X)		
• Liebherr		X				X		X
• Oriental Precision		X				X		
• Huisman		X				X	X	
• MHI		X						
• German Lashing			X					X
• SEC			X					X
• Taiyo			X				X	
• National Oilwell Varco						X	X	X
• Rolls Royce						X	X	X
• Aker Solutions (Pusnes)							X	
• Hatlapa							X	(X)
• EMS-Tech					X			
• Seabulk					X			
• Oshima	X				X			

we keep cargo on the move™