

**CARGOTEC**

## Paris road show – 8 December 2011



# 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

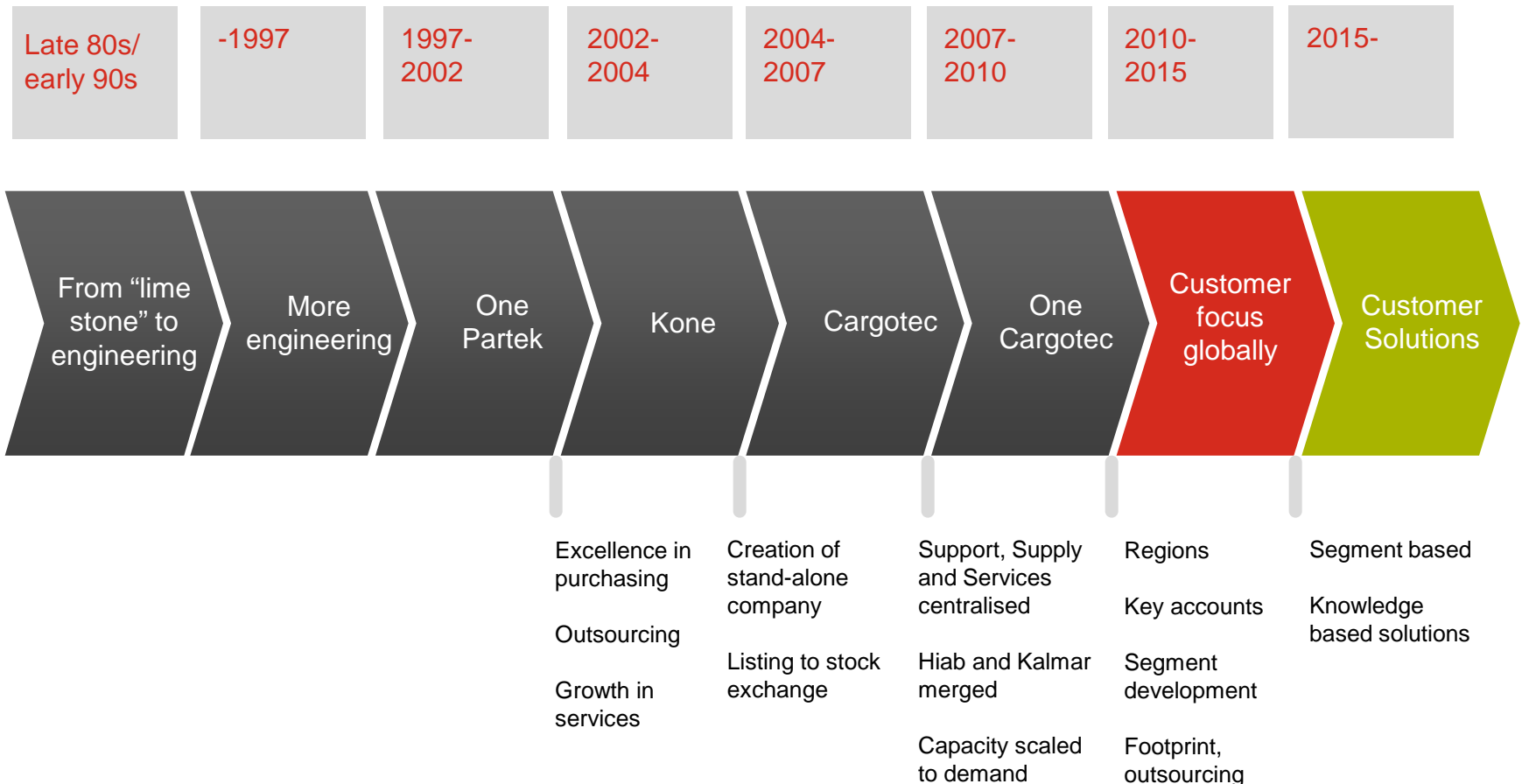


Solutions for ports and container handling



Solutions for marine cargo handling and offshore load handling

# Next corporate theme



# 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 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 are expected to be around EUR 50 million

## Cargotec to strengthen position in heavy cranes

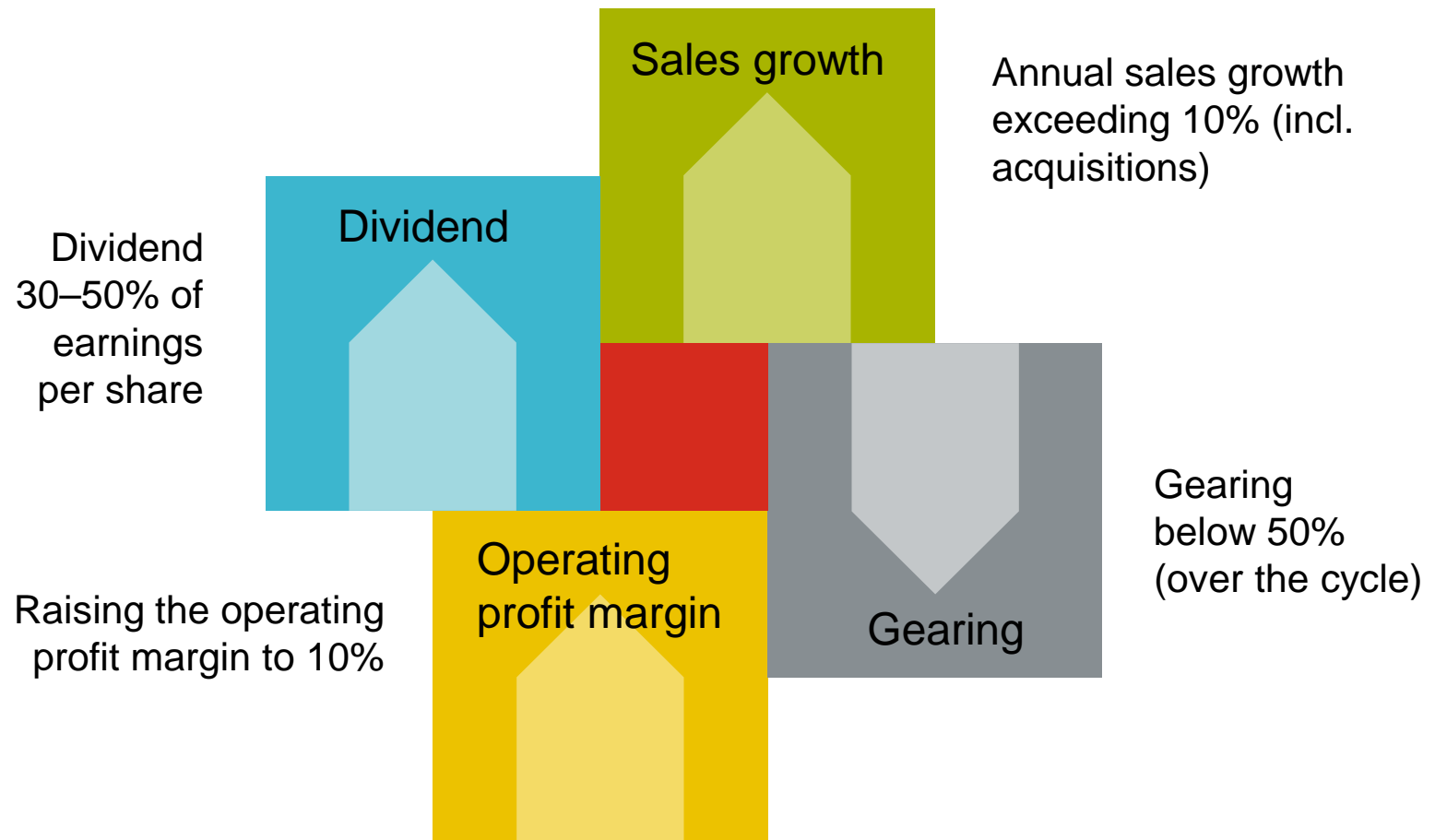
- Cargotec and its long-term manufacturing supplier in China, Jiangsu Rainbow Heavy Industries (RHI), plan to establish a joint venture to provide leading heavy crane solutions globally, expand delivery capacity and grasp growth opportunities in the Chinese and global markets.
- Cargotec's ownership 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).
  - The joint venture is not expected to impact Cargotec's financial outlook for 2011.

# New operational model to accelerate strategy implementation

- More focus
- Increased transparency
- External reporting segments as of 1 Jan 2012:
  - Marine
  - Terminals
  - Load Handling
- Services business area continues the integration to form a single Services business area and support the customer segment implementation
- Regions responsible for the sales and services
- Streamlining of the organisation in centralised Support functions and central Supply



# Financial targets



## January–September 2011 financials



## Highlights of January–September 2011 report

- Market activity remained healthy in both segments and all geographies
- Q3 order intake and sales grew 19% y-o-y
- Q3 operating profit margin improved to 7.2%
- Industrial & Terminal growth tied working capital affecting cash flow
- Important port terminal contracts signed during Q3
- New operating model from 1 Jan 2012



## Market environment in January–September 2011

- Main load handling markets were marked by strong activity, aside from US-based customer segments related to construction. The markets showed emerging signs of uncertainty in the business environment.
- Higher number of containers handled in ports reflected growth in demand for container handling equipment in harbours. During Q3, several agreements in the third quarter for larger port automation projects were signed.
- Demand for marine cargo handling equipment continued to be healthy.
- Services markets grew for load handling and terminals. There was a slight recovery in services for marine cargo equipment.



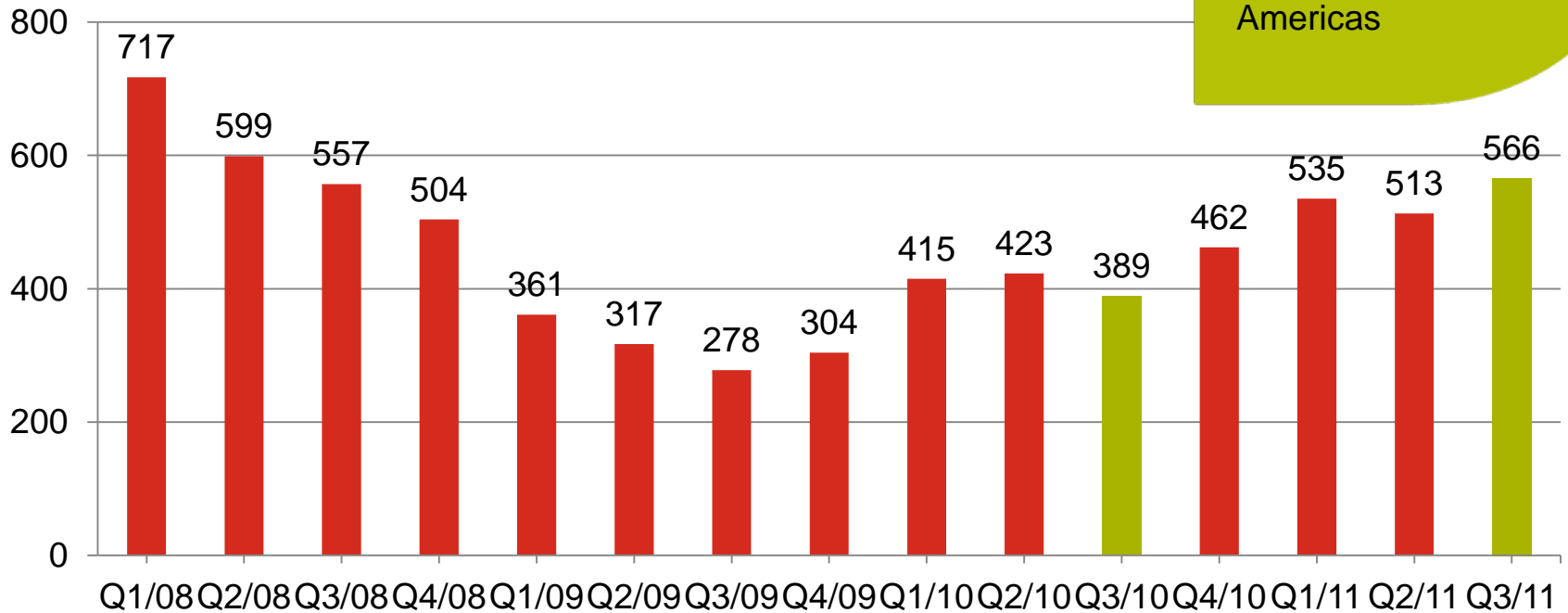
## Key figures in January–September 2011

	Q3 2011	Q3 2010	Change	1-9/2011	1-9/2010	Change	2010
Orders received, MEUR	811	683	19%	2,391	2,013	19%	2,729
Order book, MEUR	2,349	2,395	-2%	2,349	2,395	-2%	2,356
Sales, MEUR	753	635	19%	2,310	1,828	26%	2,575
Operating profit, MEUR	54.4	42.2		159.1	92.9		131.4
Operating profit margin, %	7.2	6.6		6.9	5.1		5.1
Cash flow from operations, MEUR	6.4	66.4		78.0	193.4		292.9
Interest-bearing net debt, MEUR	362	264		362	264		171
Earnings per share, EUR	0.58	0.38		1.86	0.82		1.21



# Q3: Industrial & Terminal's order intake grew 45% y-o-y

MEUR



**Q3**

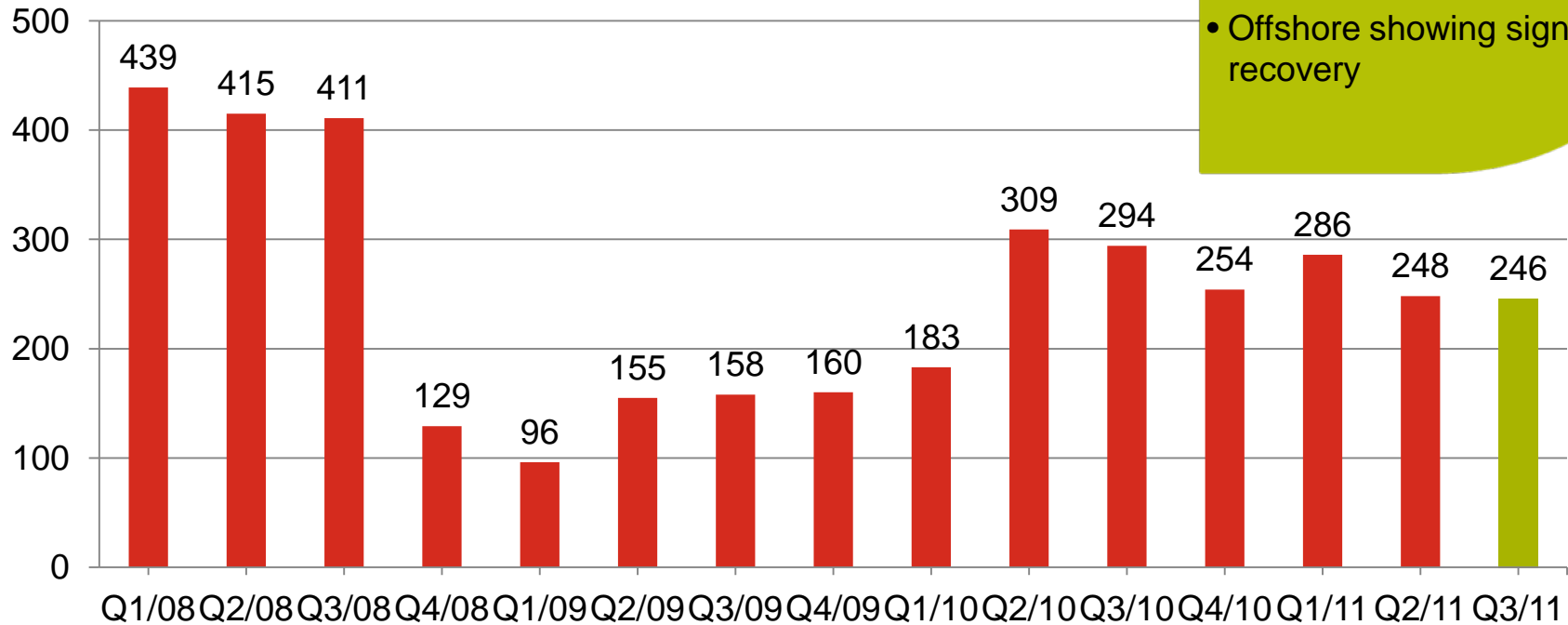
- 49% of orders from EMEA
- Orders grew strongest in Americas

## High activity in terminal projects



## Q3: Marine's order intake at healthy level

MEUR

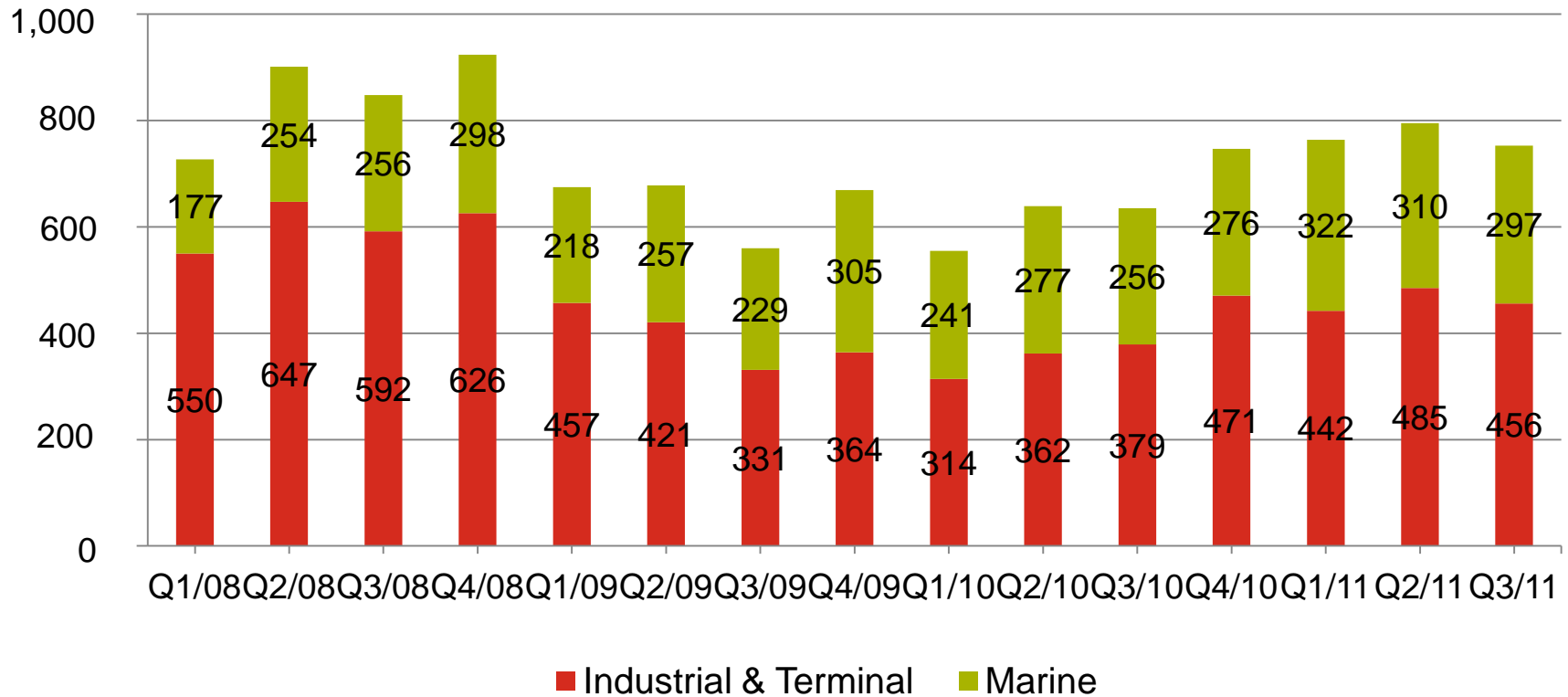


Q3

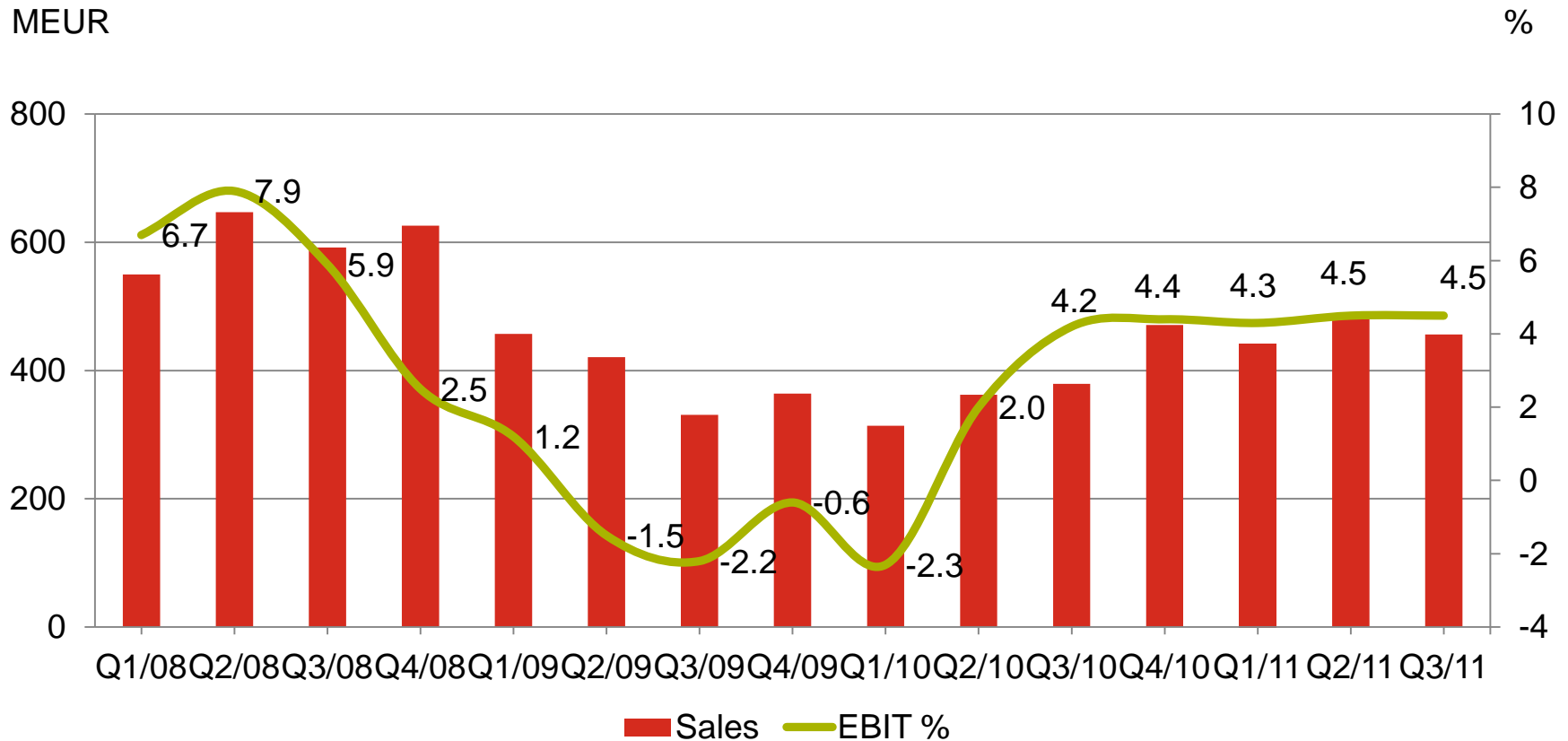
- 79% of orders from APAC
- Offshore showing signs of recovery

## Q3: Sales grew 19% y-o-y

MEUR

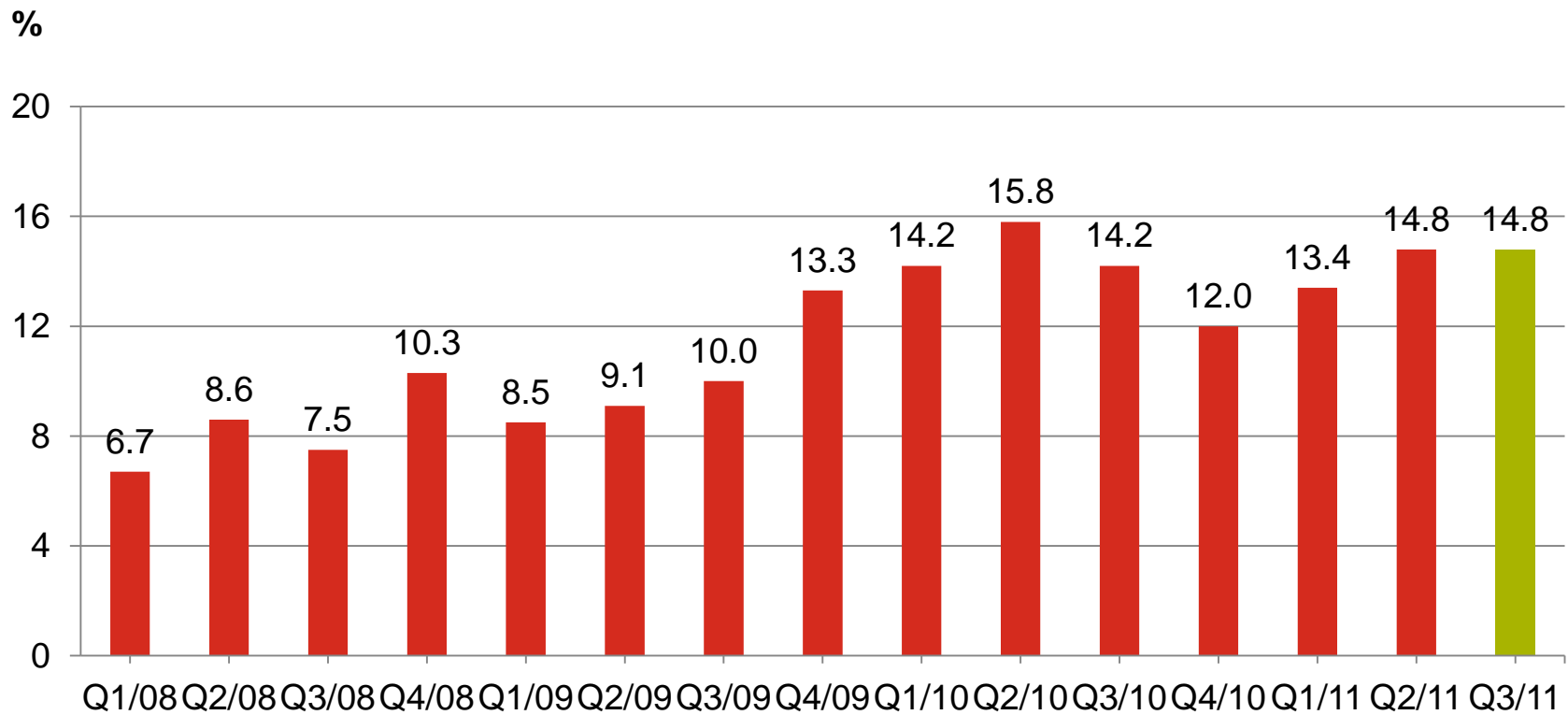


## Q3: Industrial & Terminal operating margin flat with lower sales



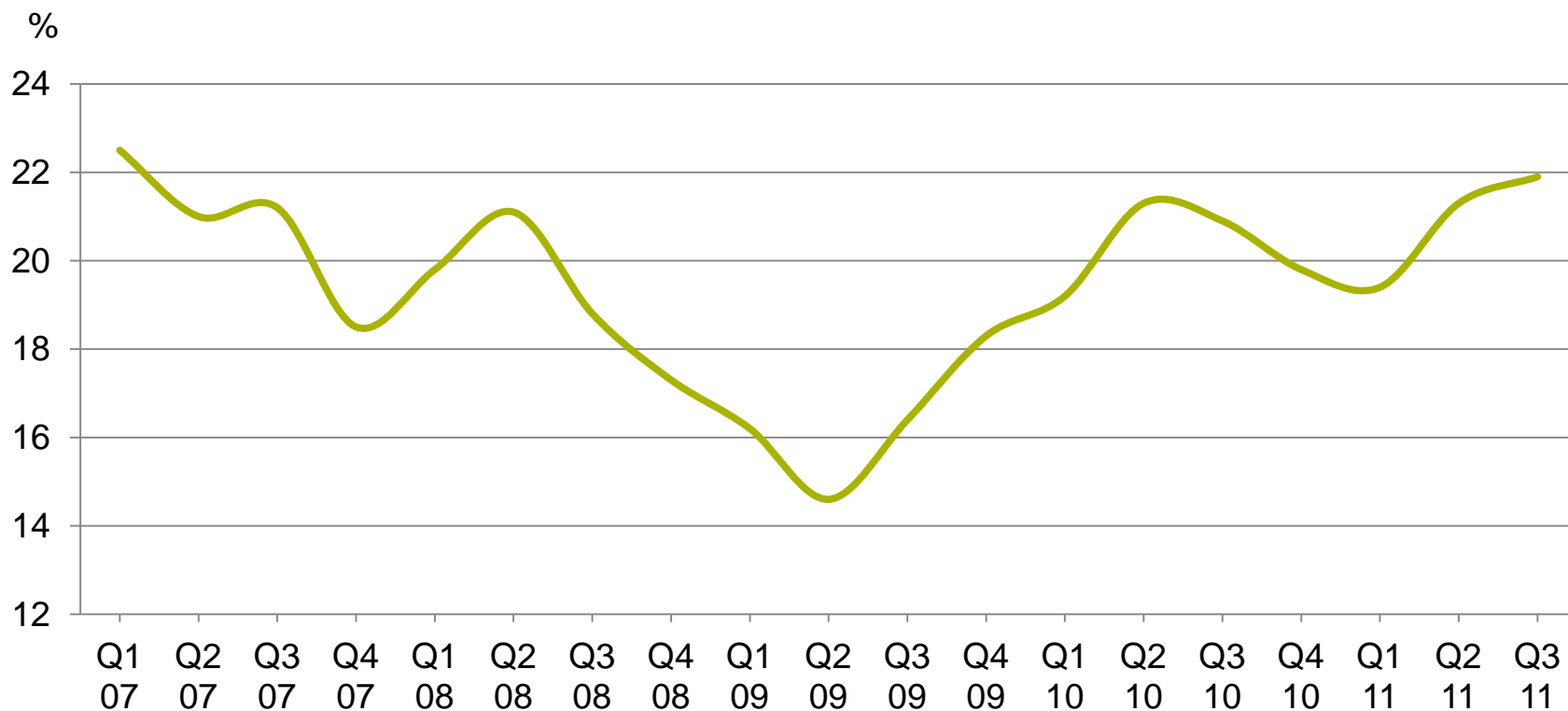
EBIT% Q1/08–Q4/10 excluding restructuring costs

## Q3: Marine's profitability continued very strong



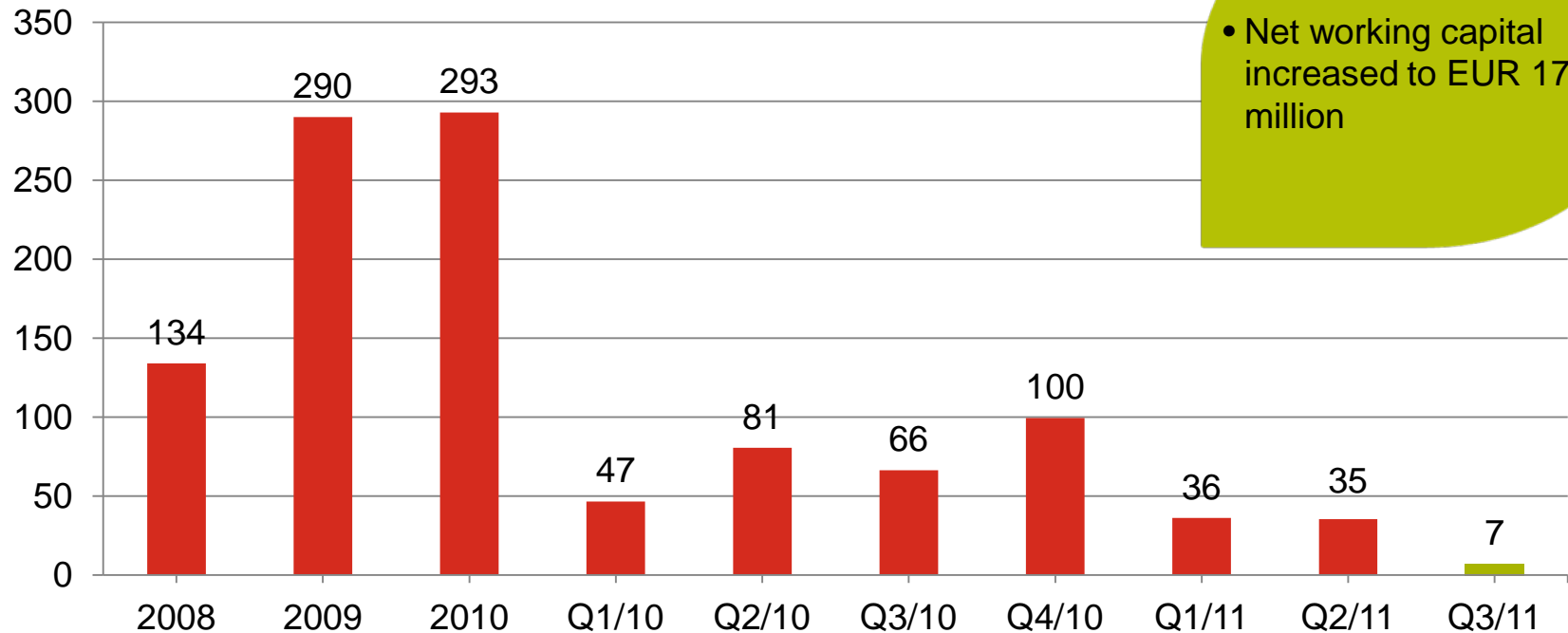
EBIT% Q1/08–Q4/10 excluding restructuring costs

## Gross profit development



# Cash flow from operations reflected growth in Industrial & Terminal

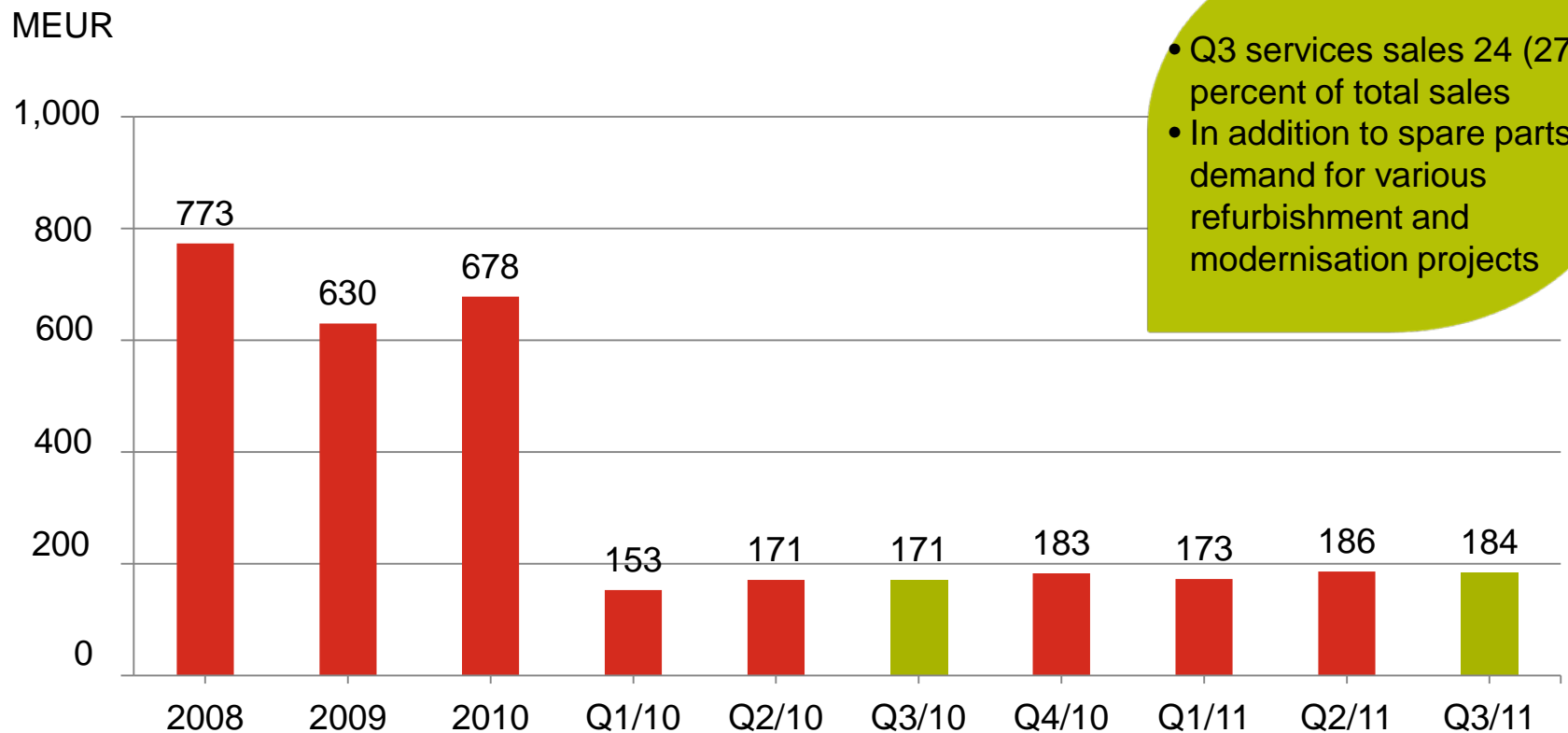
MEUR



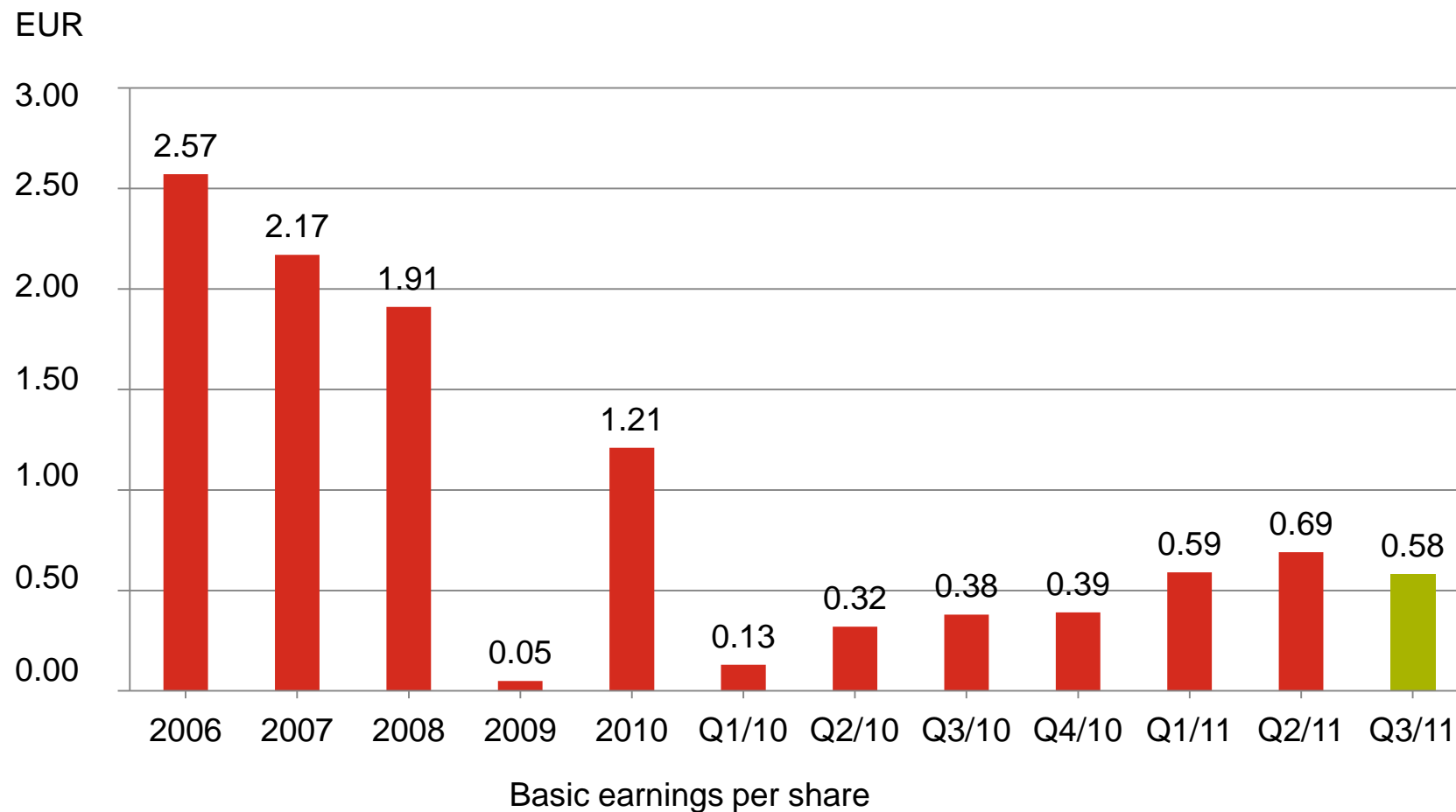
• Net working capital increased to EUR 173 million



## Services sales grew 7% y-o-y



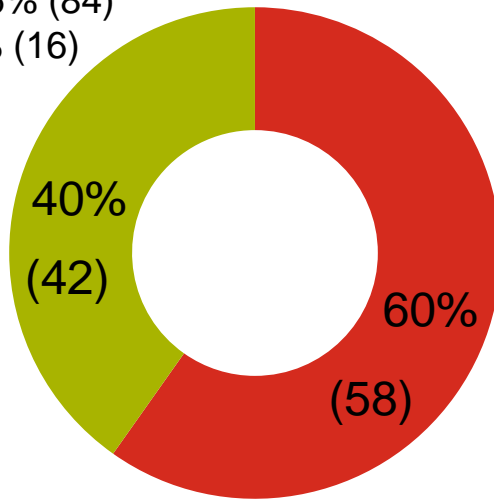
## Development of earnings per share



# EMEA and APAC equal in size

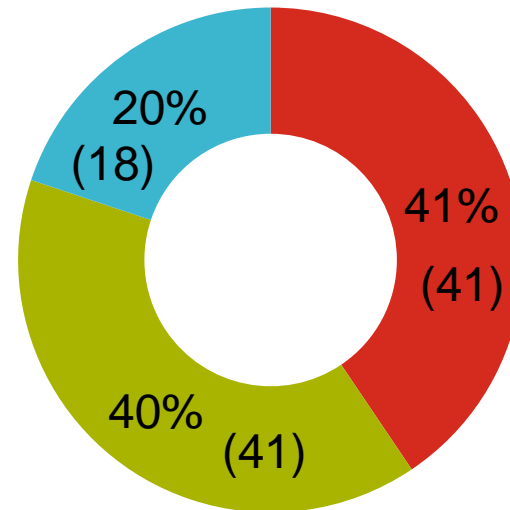
Sales by reporting segment 1-9/2011, %

Equipment 86% (84)  
Services 14% (16)



Sales by geographical segment 1-9/2011, %

Equipment 70% (65)  
Services 30% (35)



■ Marine ■ Industrial & Terminal

■ Americas ■ APAC ■ EMEA

## Outlook

- Cargotec's 2011 sales are estimated to grow approximately 20 percent based on healthy January–September order intake.
- Cargotec's 2011 operating profit margin is estimated to be approximately 7 percent.

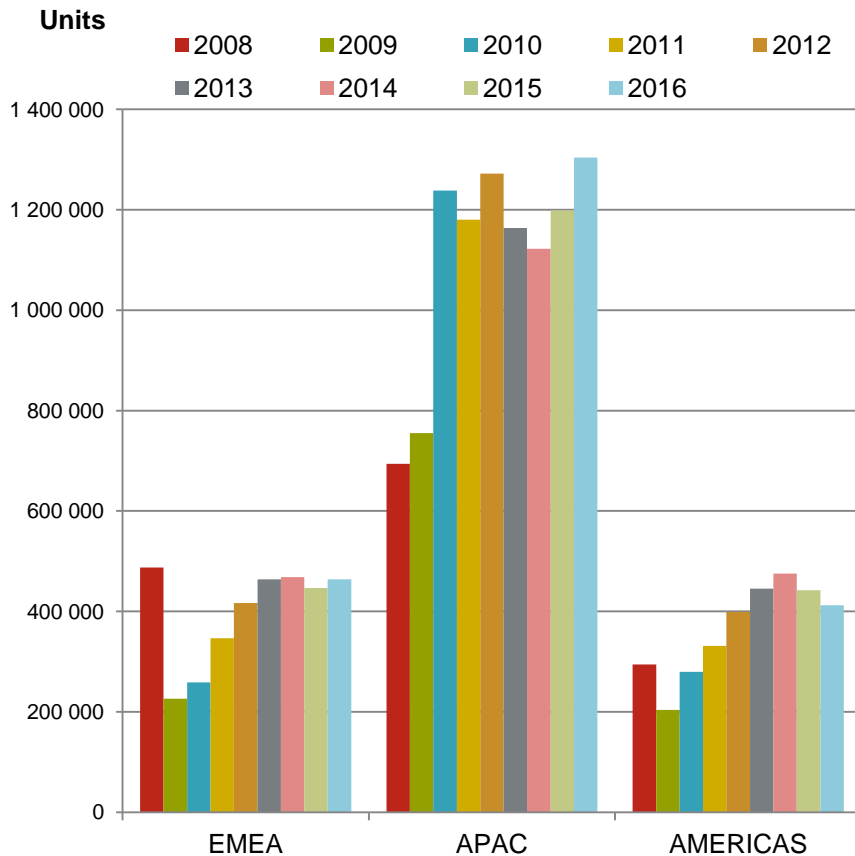


# Appendices



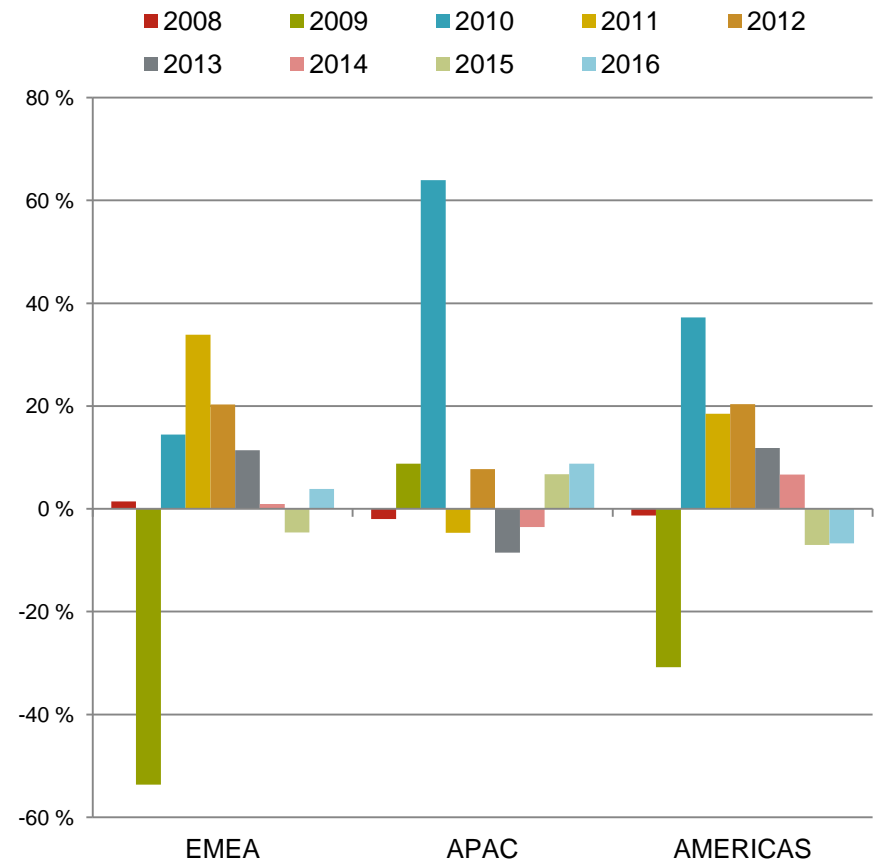
# Macro indicator trends

## Truck sales GVW over 15 ton - Regions



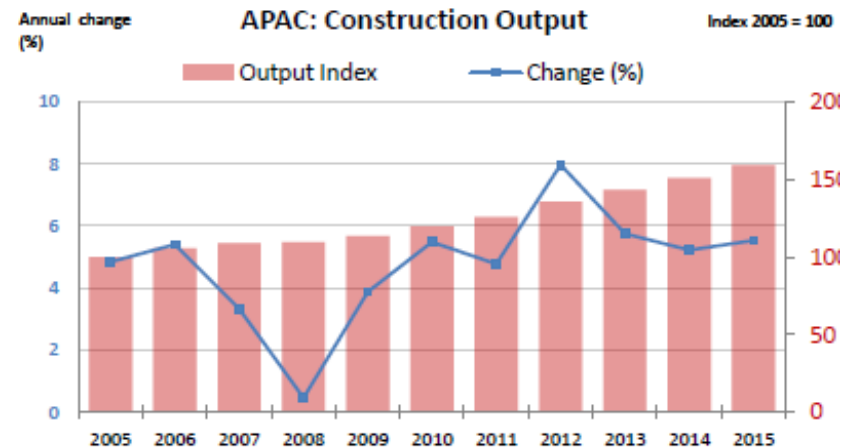
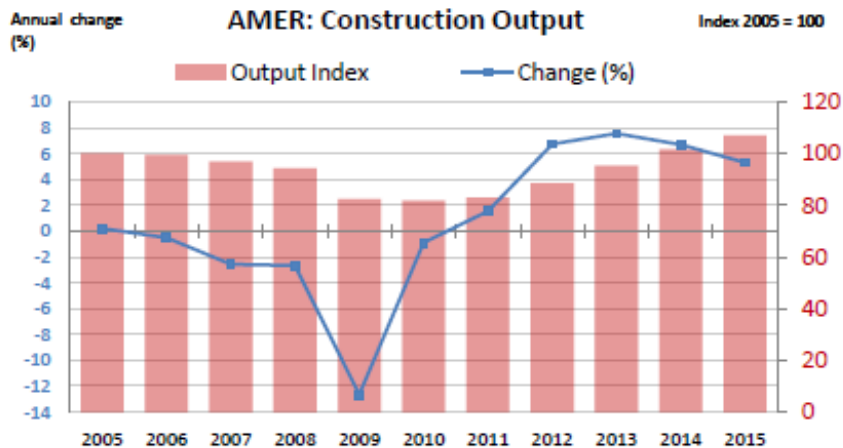
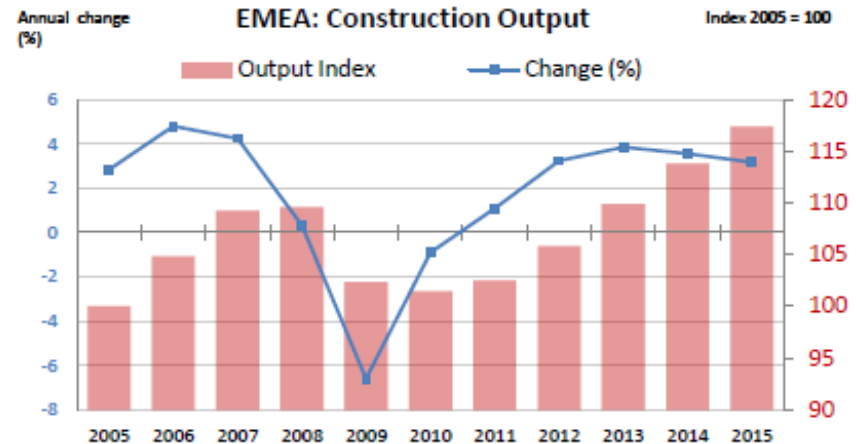
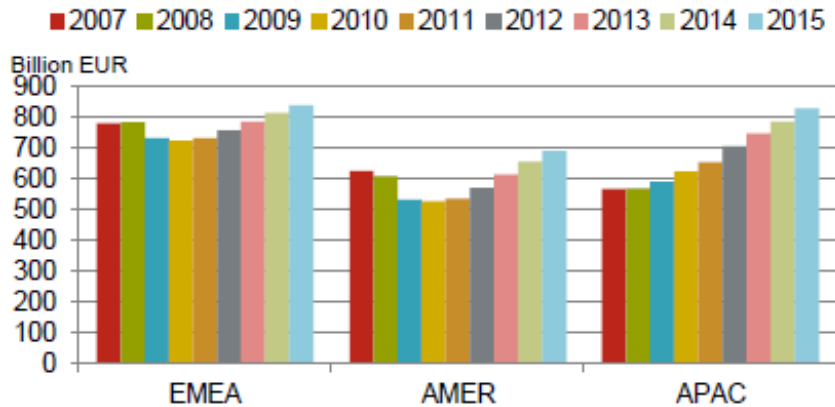
Source: Global Insight Q2/2011

## Sales growth GVW over 15 ton - Regions



# Macro indicator trends

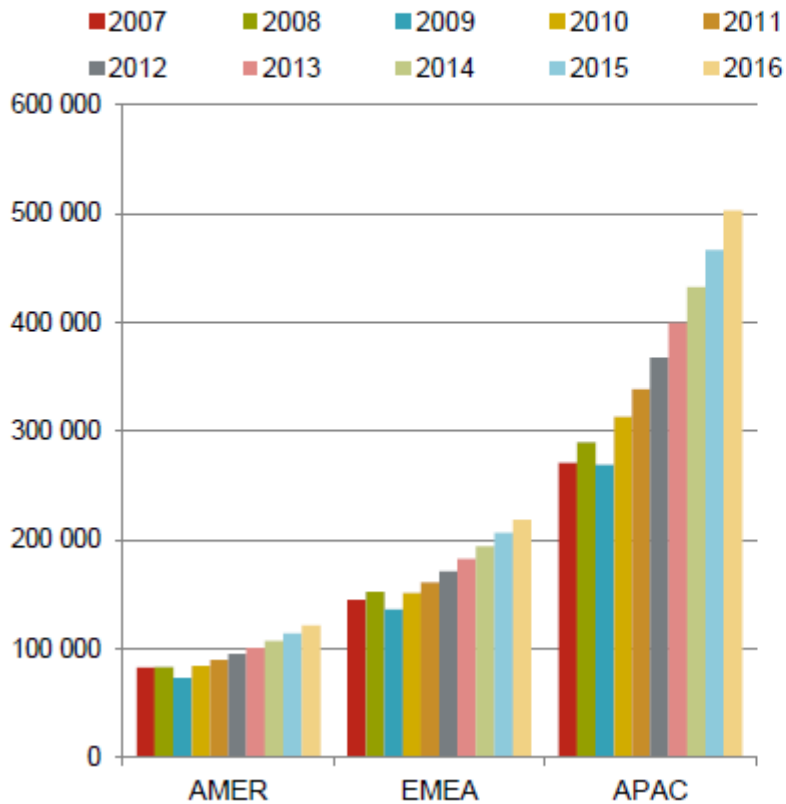
### Total Construction Output



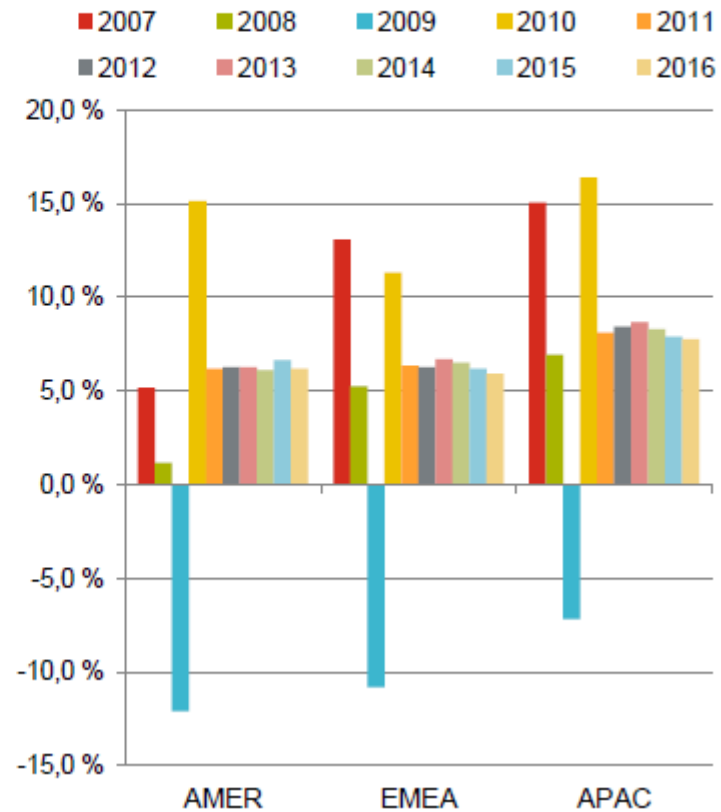
Source: Oxford Economics Q3/2011

# Macro indicator trends

Drewry (Throughput '000 TEU units)



Drewry (Throughput TEU % change)

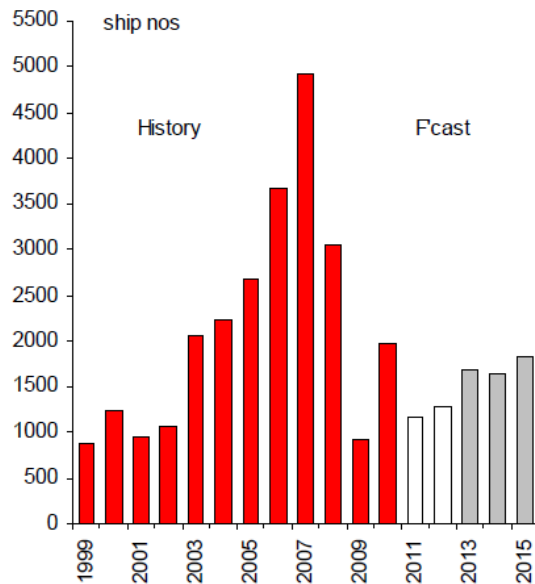


Source: Drewry Container Forecaster Q3/2011



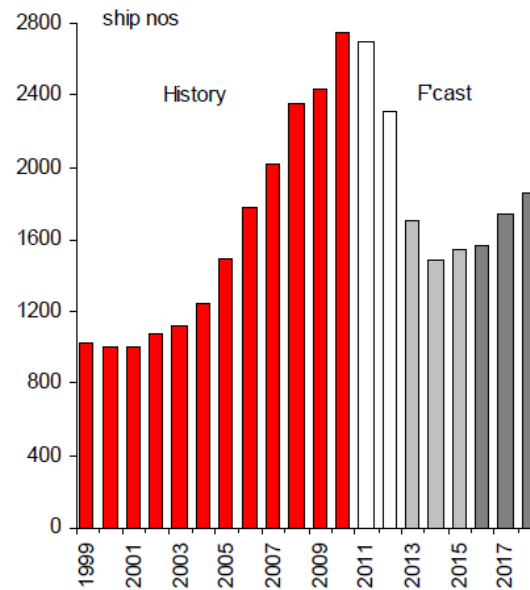
# Ship contracting and delivery forecast

**Contracting 1999-2015**



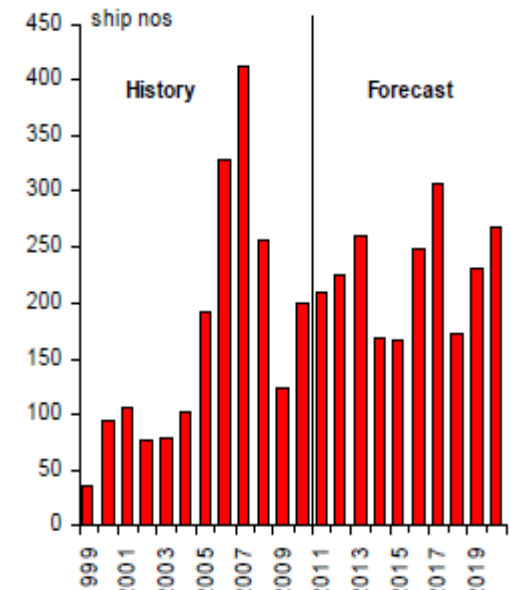
Source: Clarkson Research Services

**Deliveries 1999-2018**



Source: Clarkson Research Services

**Offshore Vessel Contracting**



Source: Clarkson Research Services

*Medium-Term Contracting Forecast to 2015*

*Medium-Term Deliveries to 2018*

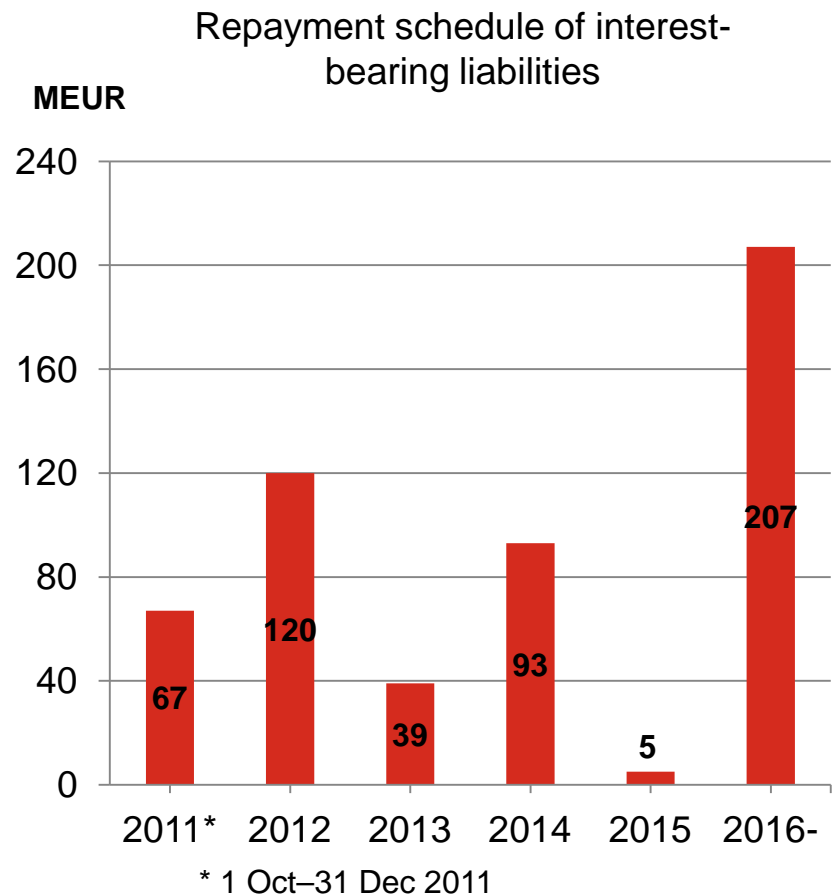
*Offshore Vessel Contracting*

Source: Clarkson research 9/2011

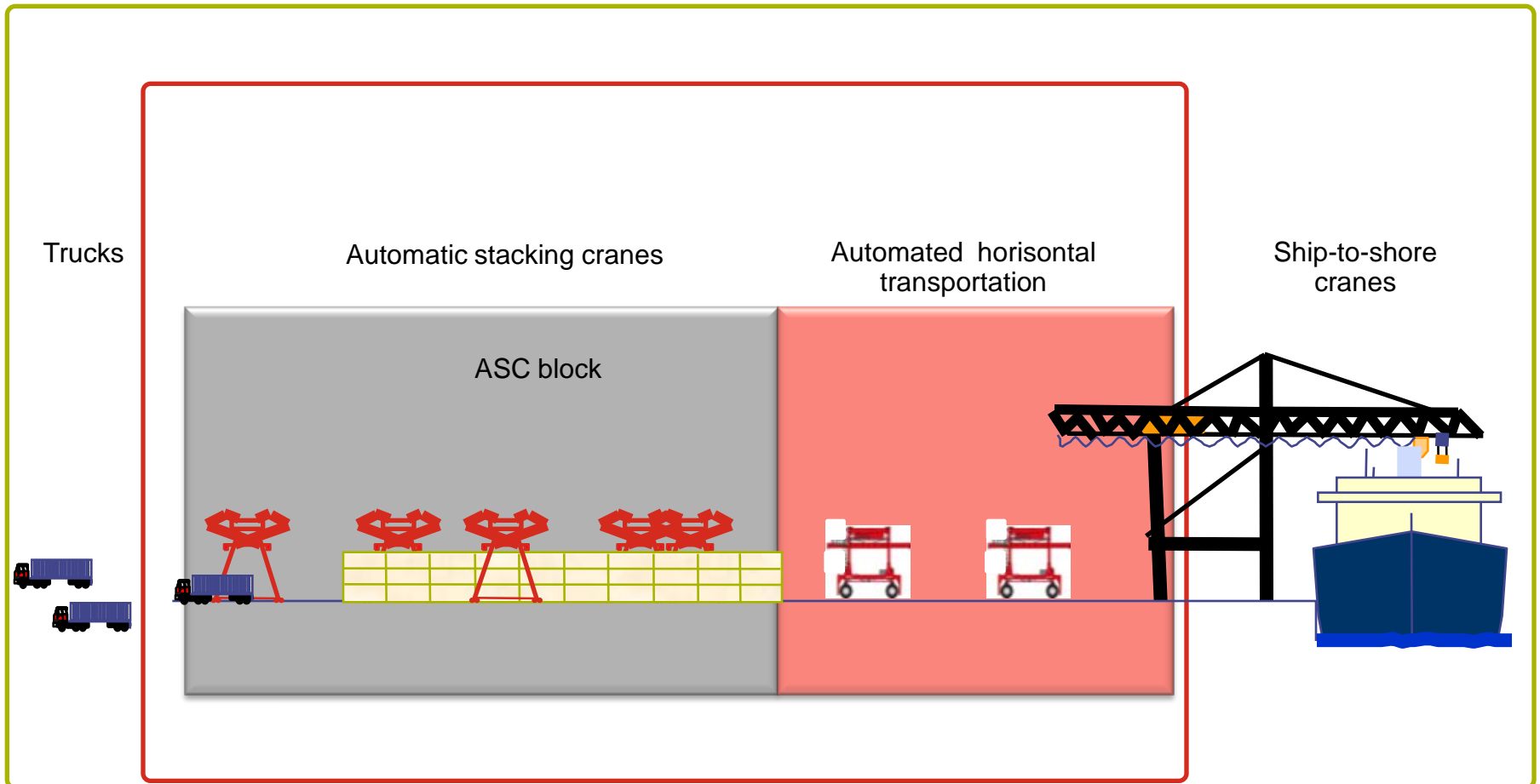
## Low gearing and strong liquidity 30 Sep 2011

- Gearing 32.7%
- Net debt MEUR 362
- Liquidity MEUR 453
  - Cash and cash equivalents MEUR 153
  - Unused and committed long-term revolving credit facility of MEUR 300
- During Q3, Cargotec strengthened liquidity further by signing new credit facilities of MEUR 120 which will mature in 2018–2021.

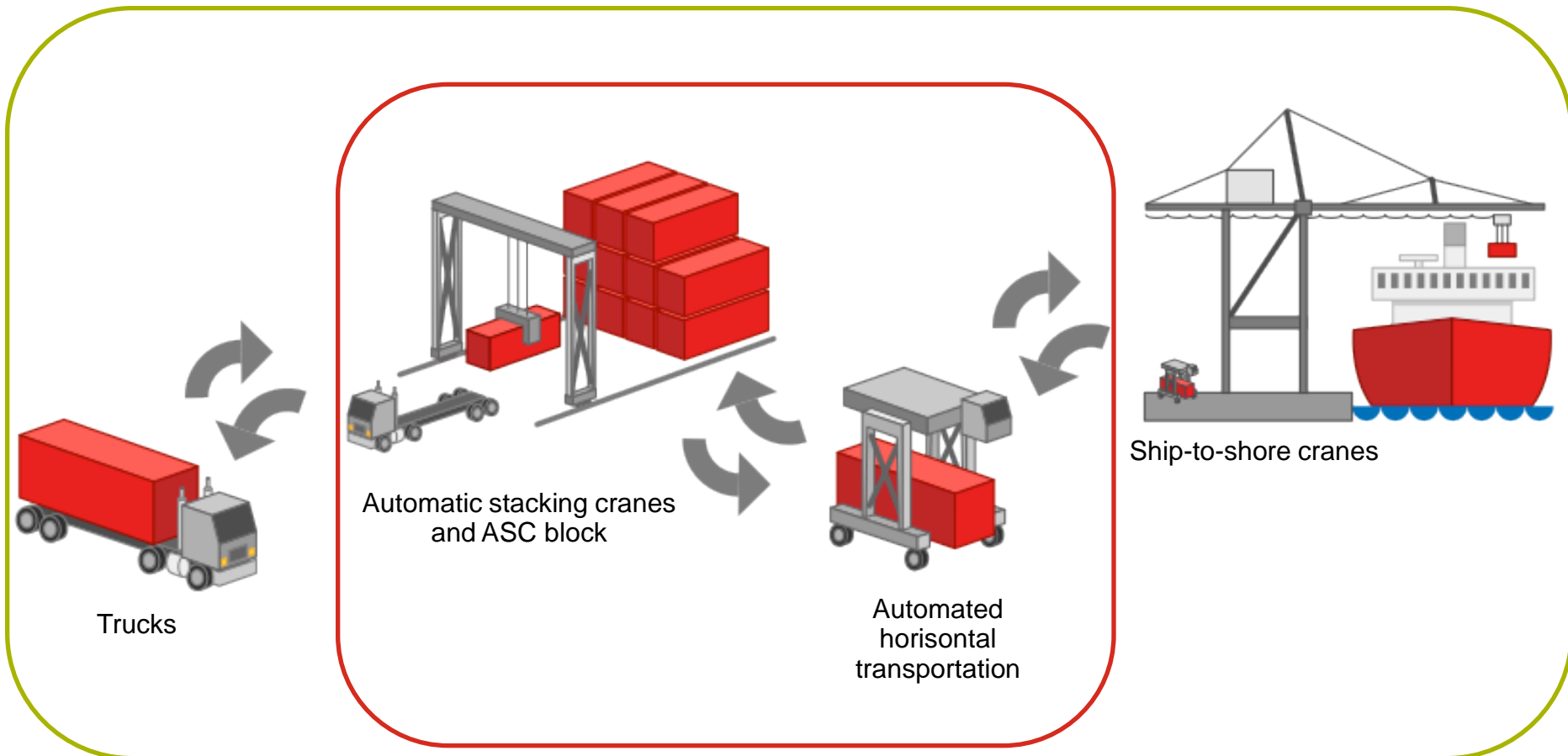
→ Cargotec is well prepared financially for the coming years



# Terminal operating system



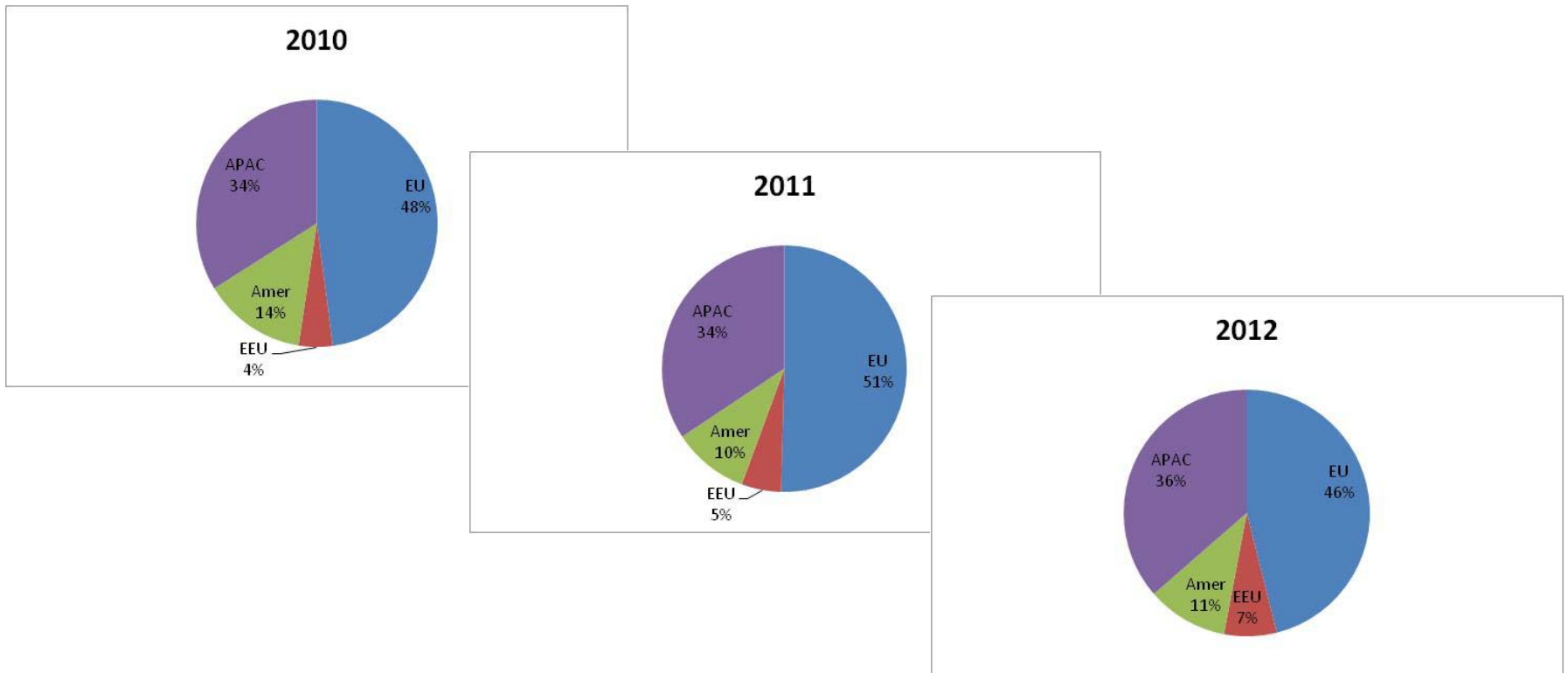
# Terminal operating system



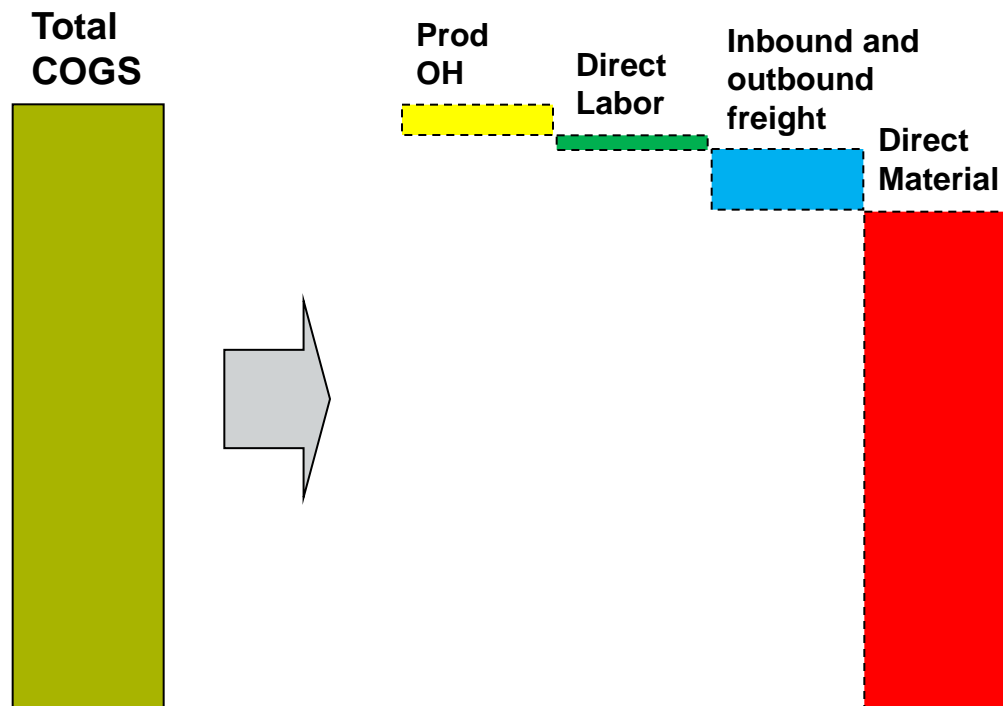
## Global factory set-up today



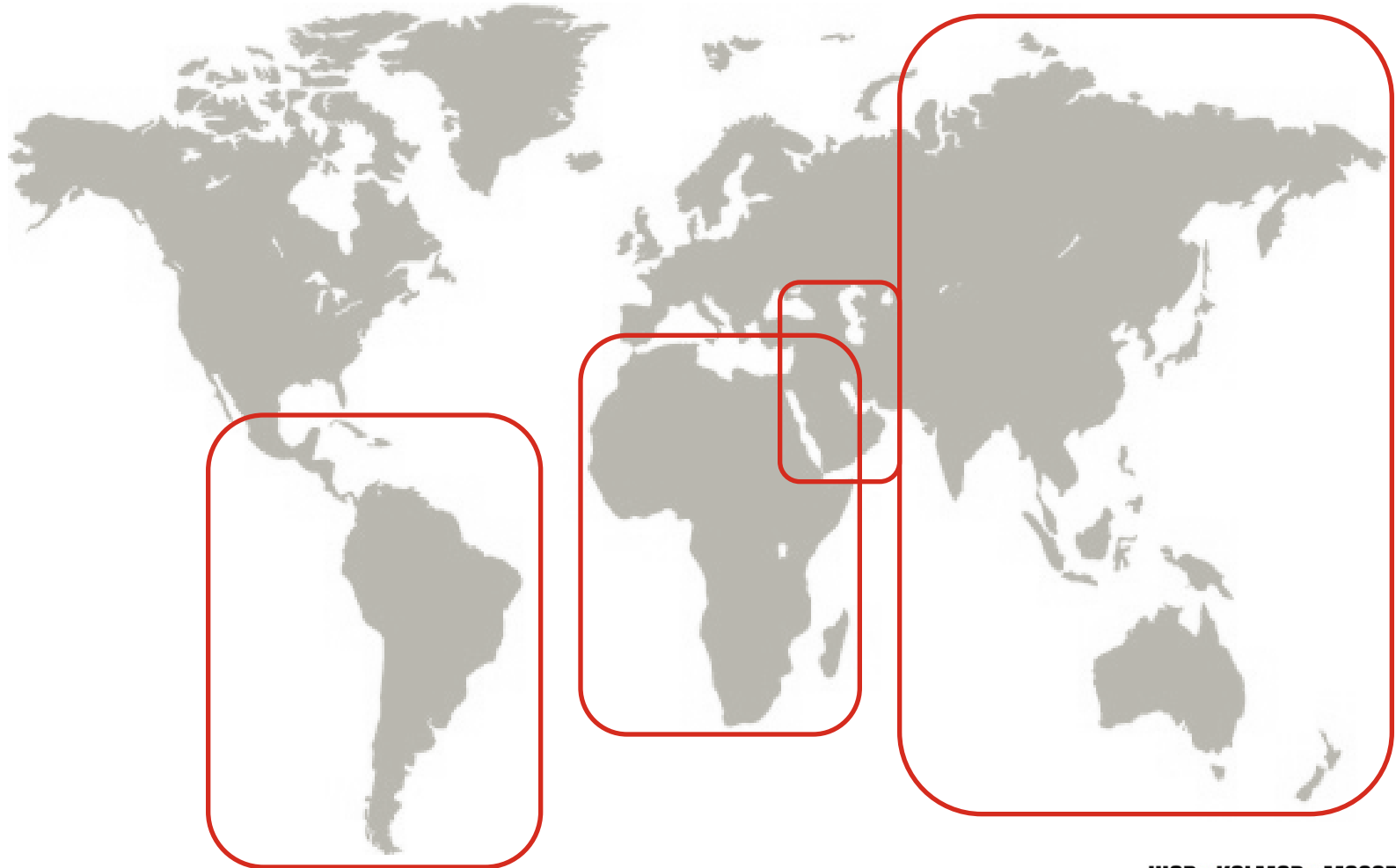
# Sourcing footprint development 2010–2012



Optimising cost of Supply means optimising all parts of cost of goods sold (COGS)

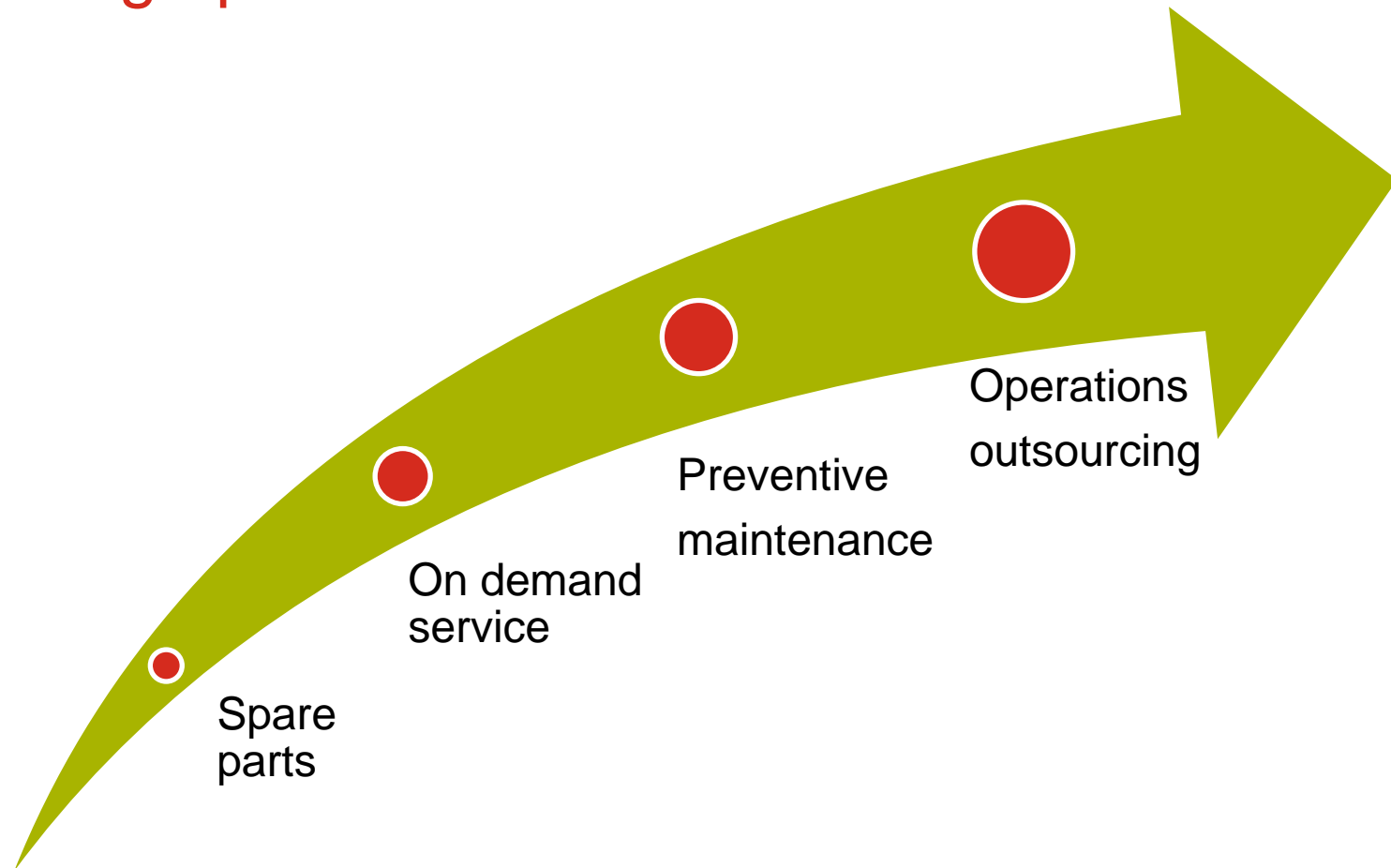


## Services geographical growth opportunities





## Growing up the value chain



# 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	
• Demag		X				X		X	
• Mitsubishi	X	X			X			X	
• Mitsui	X	X							
• Terex-Fantuzzi	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						X			
• Terberg						X			
• Sinotruck						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	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™