

**CARGOTEC**

President and CEO Mikael Mäkinen



## Frankfurt road show - November 2010



# 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

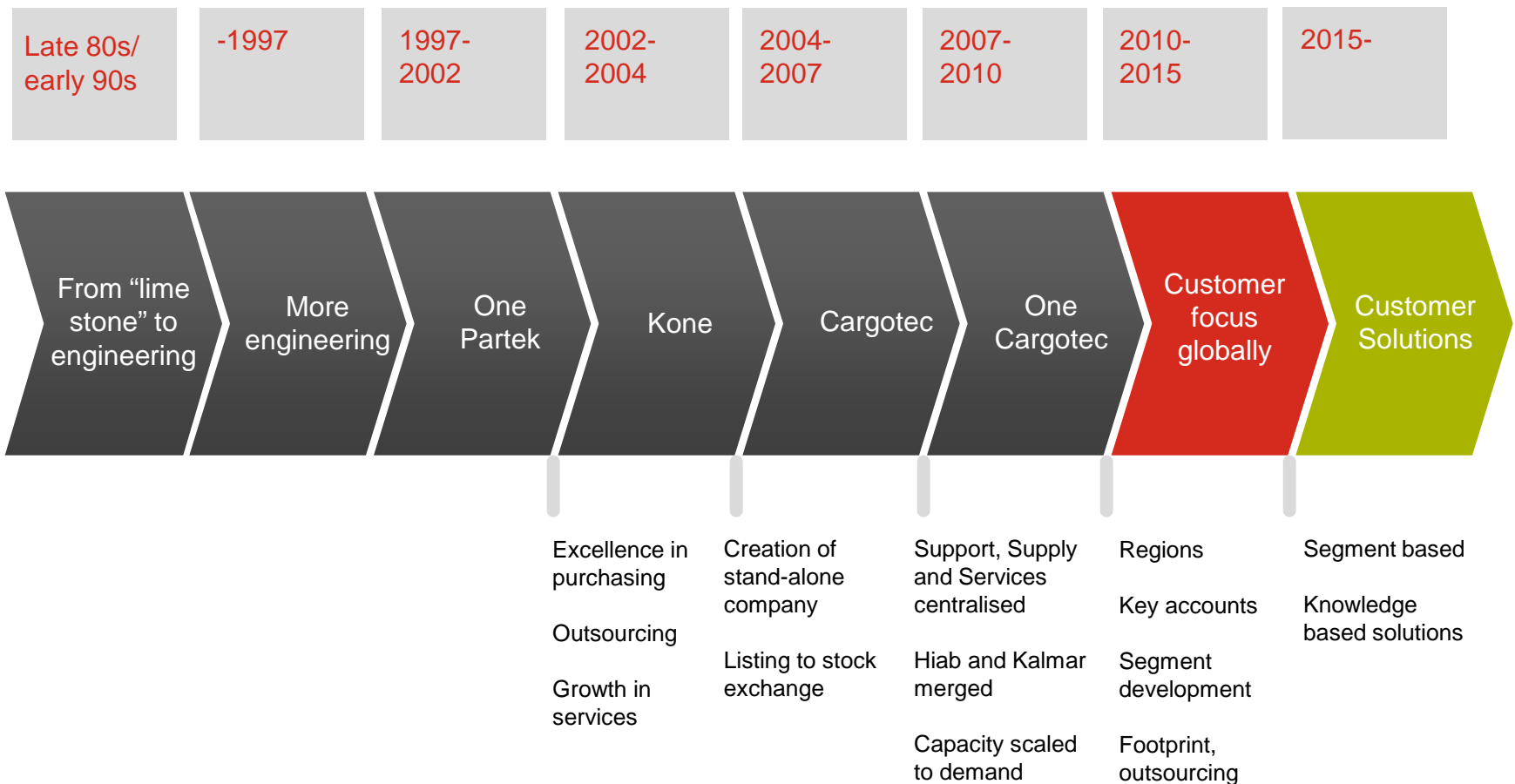


Solutions for ports and container handling



Solutions for marine cargo handling and offshore load handling

# Next corporate theme



## Strategic focus areas 2011–2015

### Customers and customer segments

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

### Service

- 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

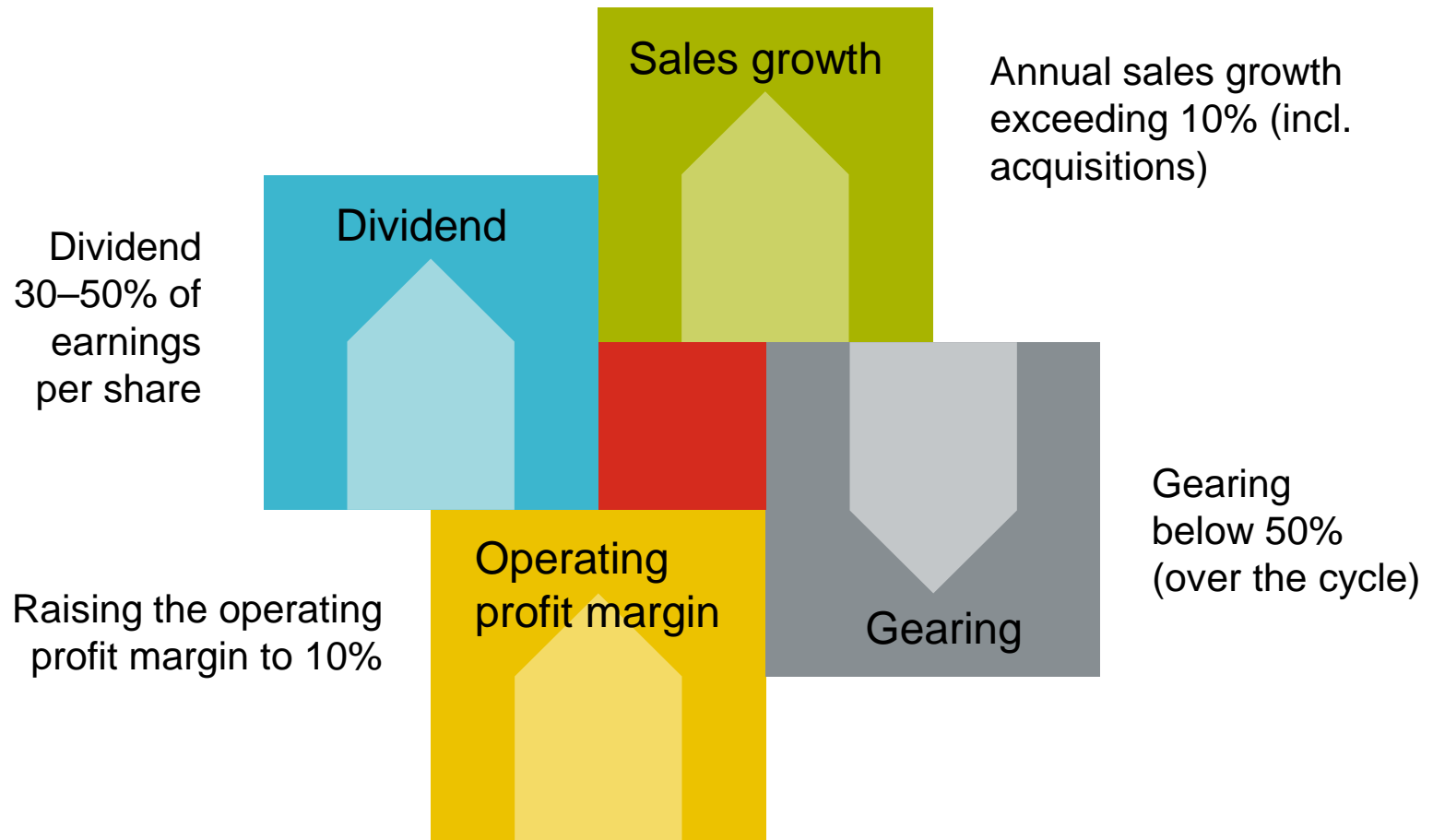
- Common processes
- Harmonisation of information systems
- Further development of I&T organisation



## Customer segmentation - priorities

|                                       |  |  |
|---------------------------------------|--|--|
| <b>Invest</b>                         | <ul style="list-style-type: none"><li>• Grow business through customer focus</li><li>• Acquisitions</li><li>• Prioritise R&amp;D to expand offering</li><li>• Account management</li><li>• Grow market share/defend position</li></ul> | <ul style="list-style-type: none"><li>• Develop new business models</li><li>• Growing market</li><li>• High Services potential</li></ul> |
| <b>Harvest<br/>&amp;<br/>Consider</b> | <ul style="list-style-type: none"><li>• Product sales approach</li><li>• Basic services</li><li>• Standard business models</li><li>• Standard offering</li><li>• Cash cow</li></ul>  | <ul style="list-style-type: none"><li>• Review annually possibilities to Green or Red</li><li>• Scan potential M&amp;A targets</li></ul> |
| <b>Divest</b>                         | <ul style="list-style-type: none"><li>• Prepare for divestiture</li><li>• No R&amp;D</li><li>• Maximise short term profits</li><li>• Organise for carve-out</li><li>• Focused growth strategy</li></ul>                                | <ul style="list-style-type: none"><li>• Do not matrix with the rest</li><li>• Allow independent distribution</li></ul>                   |

# Financial targets



# January–September 2010 financials



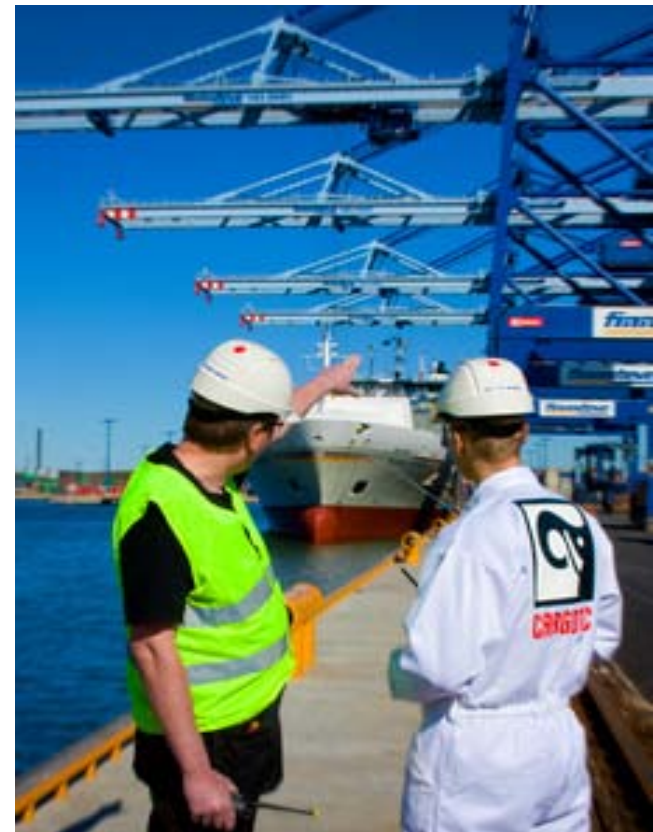
## Highlights of January–September 2010 report

- Market recovery continued in all segments
- Q3 order intake 56% up y-o-y
- Q3 sales grew 14% y-o-y, seasonality visible in Q3 figures when comparing with Q2
- Industrial & Terminal's profitability improving
- Marine's profitability still strong
- Cash flow continued healthy



## Market environment in January–September 2010

- The load handling equipment markets have developed positively over the year. However, recovery is uneven, varying geographically and by customer segment. The Americas have seen the most powerful recovery.
- The recovery in demand for container handling equipment in ports remained sluggish. Positive development in large equipment continued in Q3 after starting from low levels, while project demand still remained rather modest.
- The market for marine cargo handling equipment has continued favourable, being clearly more active than expected at the beginning of the year. In particular, demand for equipment for bulk vessels grew. Demand for container ship equipment is showing signs of recovery after a couple of inactive years.
- Due to improvements in customer capacity utilisation rates, the service markets saw a clear improvement after a quiet start to the year. The recovery in demand for spare parts sales extended to other service areas.

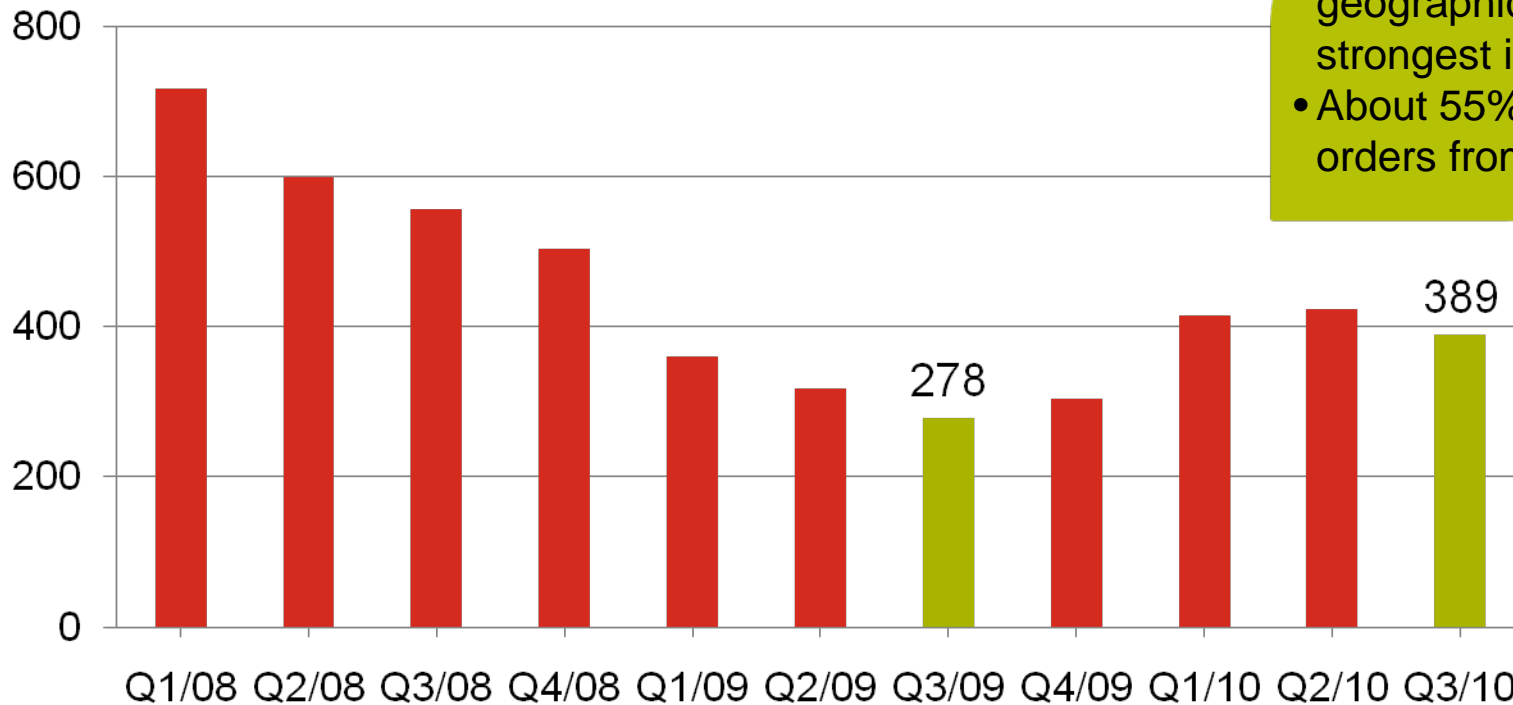


## Key figures in January–September 2010

|  | Q3 10 | Q3 09 | Change | 1-9/10 | 1-9/09 | Change | 2009  |
|--|-------|-------|--------|--------|--------|--------|-------|
| Orders received, MEUR                          | 683   | 437   | 56%    | 2,013  | 1,364  | 48%    | 1,828 |
| Order book, MEUR                               | 2,395 | 2,371 | 1%     | 2,395  | 2,371  | 1%     | 2,149 |
| Sales, MEUR                                    | 635   | 559   | 14%    | 1,828  | 1,912  | -4%    | 2,581 |
| Operating profit excl. restructuring, MEUR     | 42.8  | 11.6  |        | 97.4   | 29.6   |        | 61.3  |
| Operating profit margin excl. restructuring, % | 6.7   | 2.1   |        | 5.3    | 1.5    |        | 2.4   |
| Operating profit, MEUR                         | 42.2  | -3.3  |        | 92.9   | -7.1   |        | 0.3   |
| Cash flow from operations, MEUR                | 66.4  | 91.9  |        | 193.4  | 198.7  |        | 289.7 |
| Interest-bearing net debt, MEUR                | 264   | 400   |        | 264    | 400    |        | 335   |
| Earnings per share, EUR                        | 0.38  | -0.02 |        | 0.82   | -0.13  |        | 0.05  |

## Q3: Industrial & Terminal's order intake grew 40% y-o-y

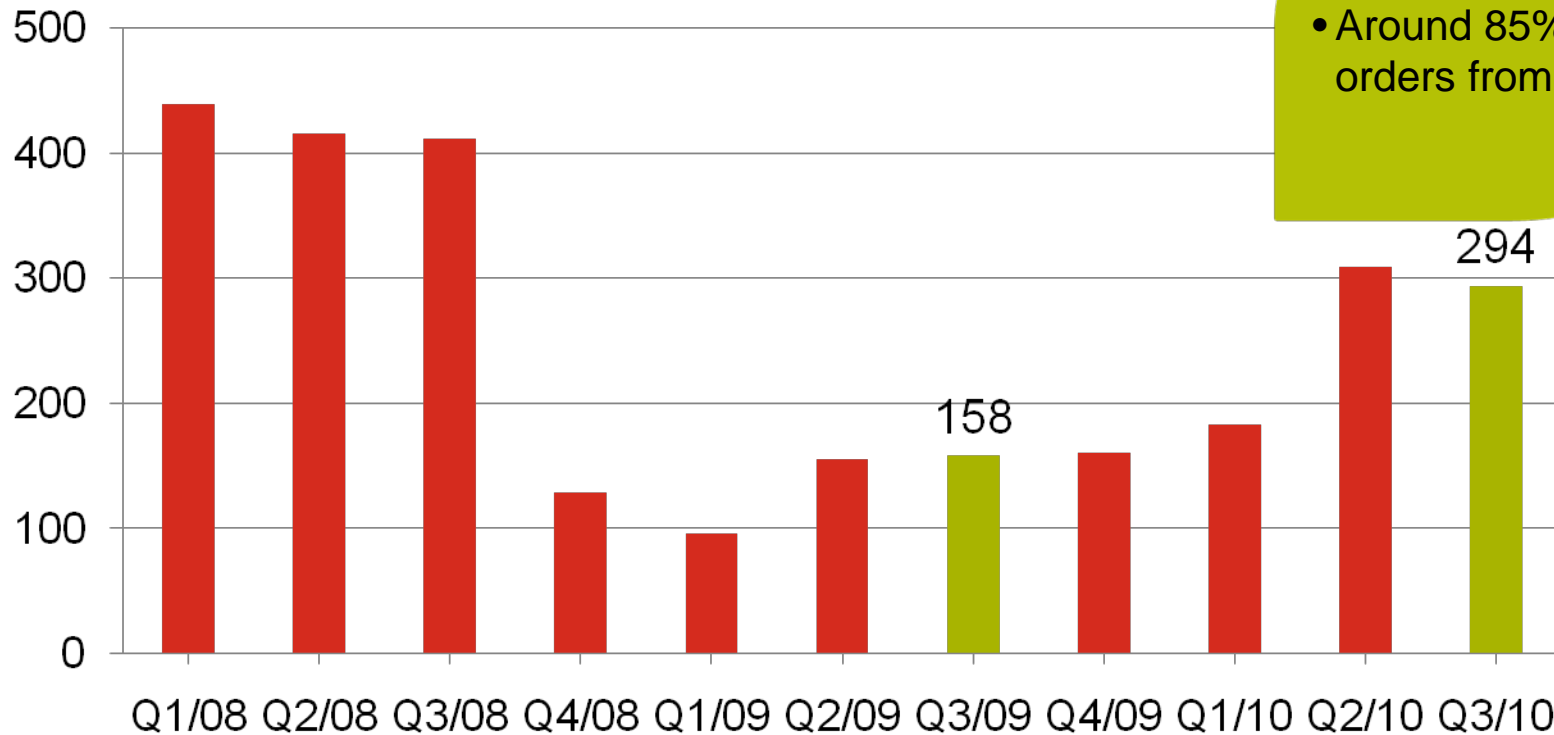
MEUR



- Orders grew in all geographic areas, strongest in APAC
- About 55% of orders from EMEA

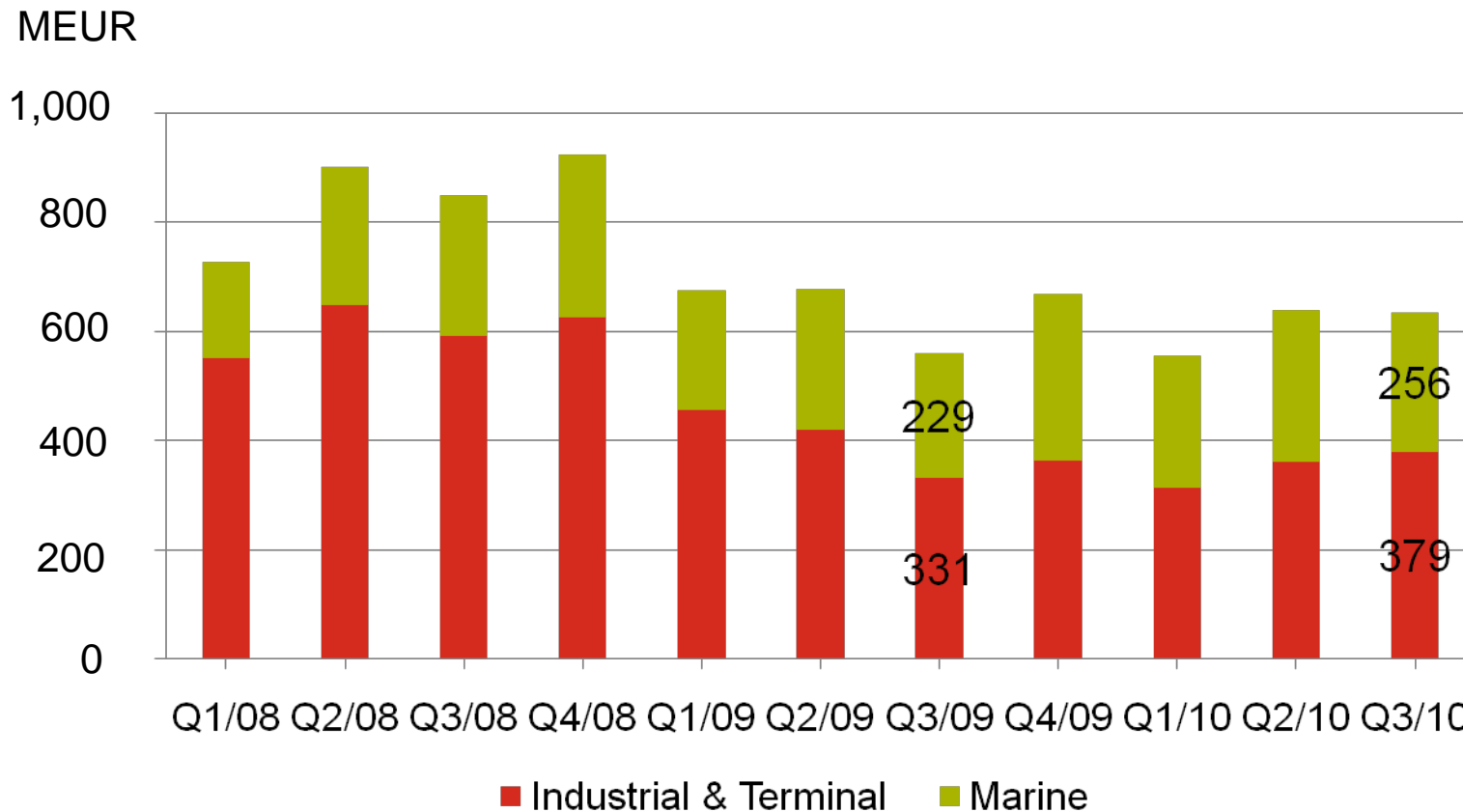
## Q3: Marine's order intake again strong

MEUR

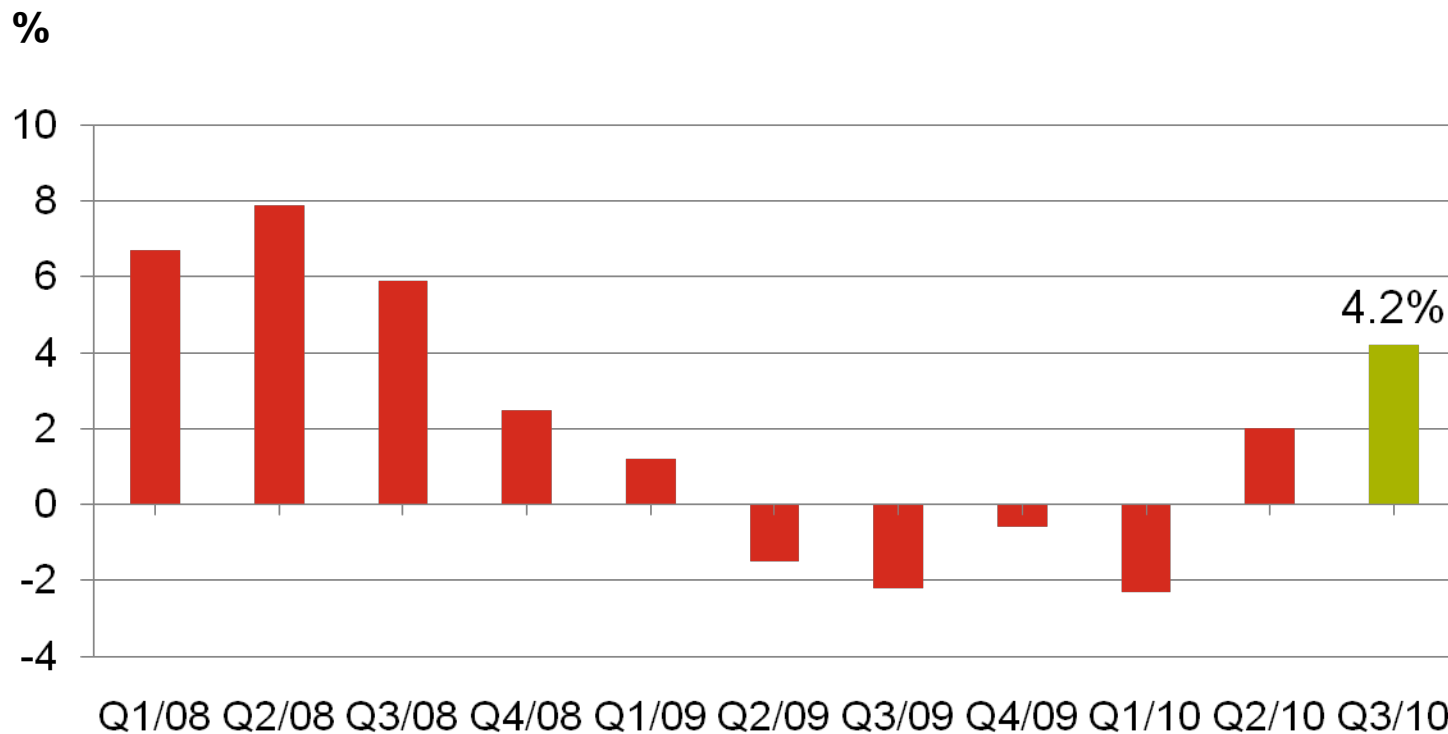




## Q3: Industrial & Terminal sales grew 15% and Marine 12% y-o-y

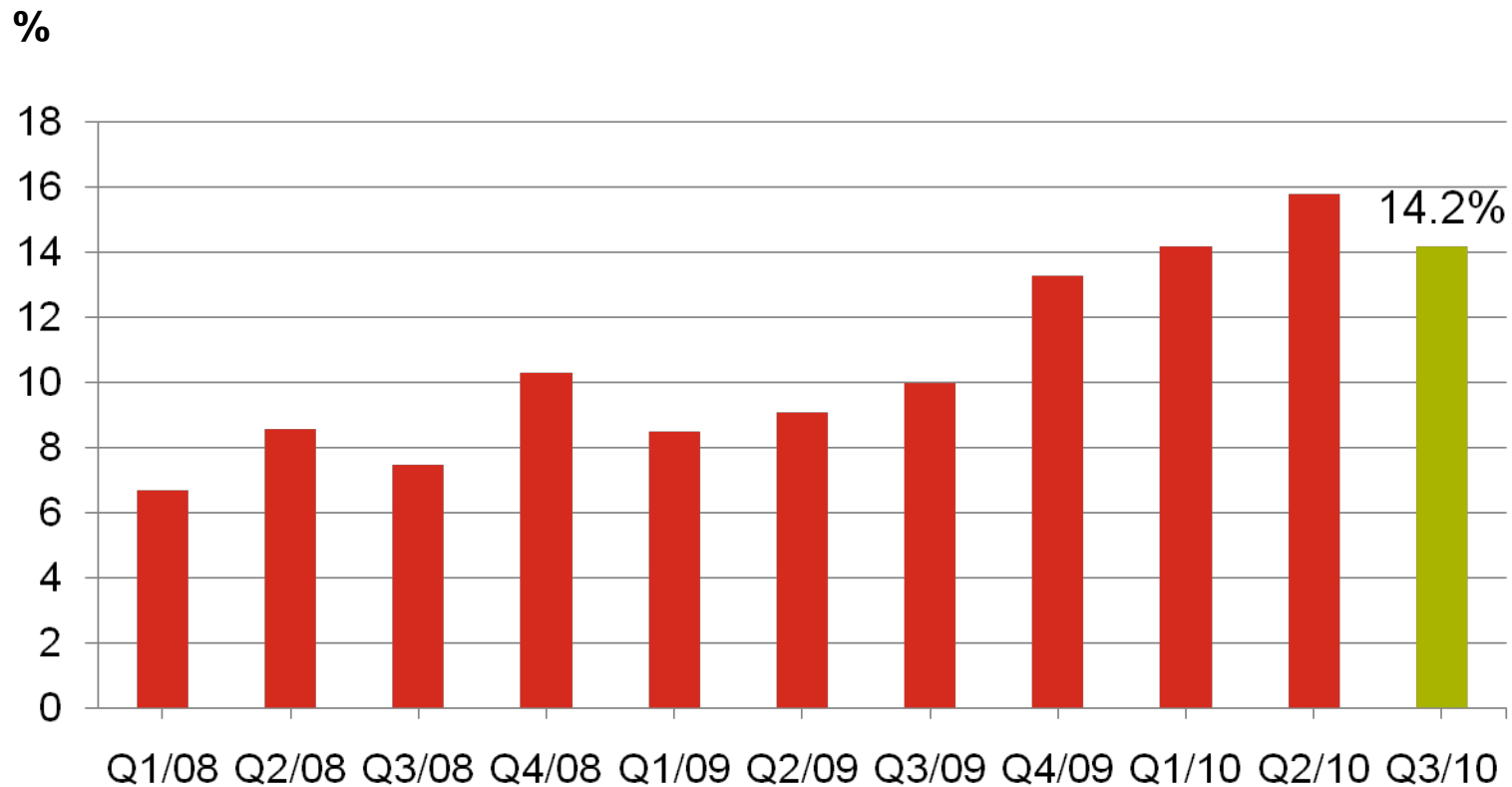


## Q3: Operating margin for Industrial & Terminal improving



EBIT% excluding restructuring costs

## Q3: Marine's profitability still strong but turning down as expected



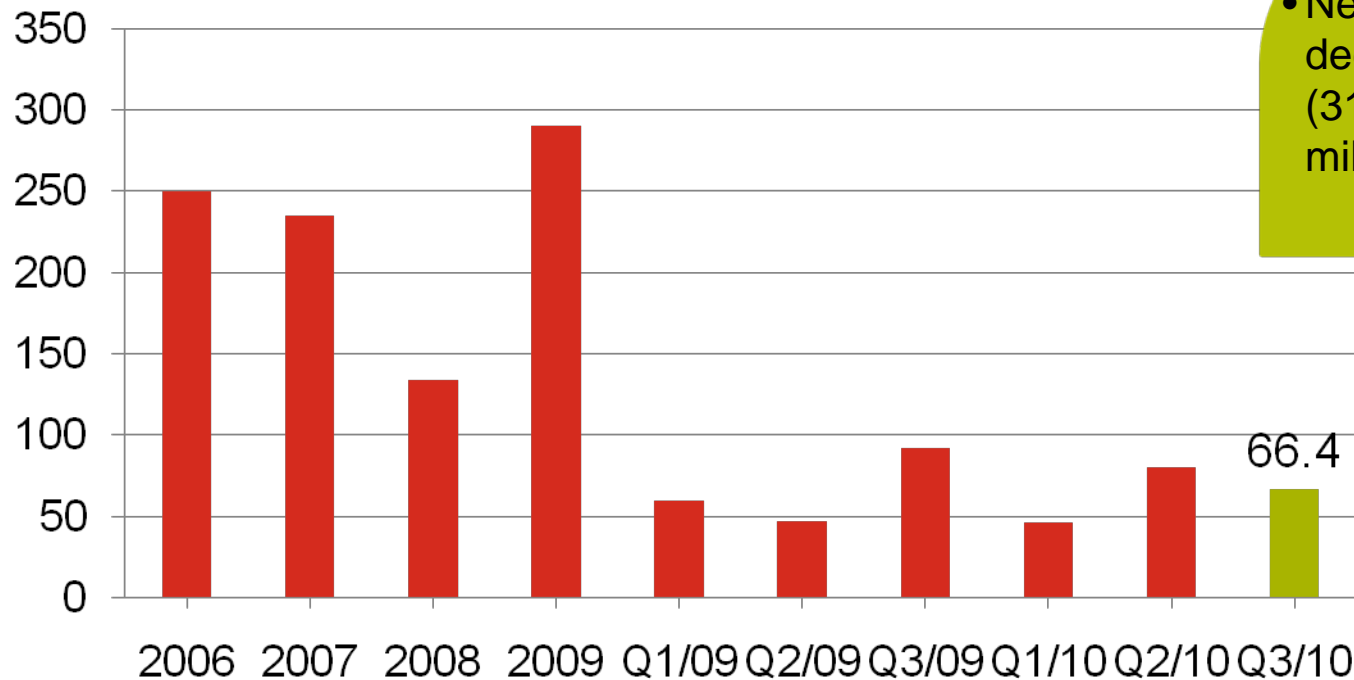
EBIT% excluding restructuring costs

## Gross profit development



## Cash flow from operations remained healthy

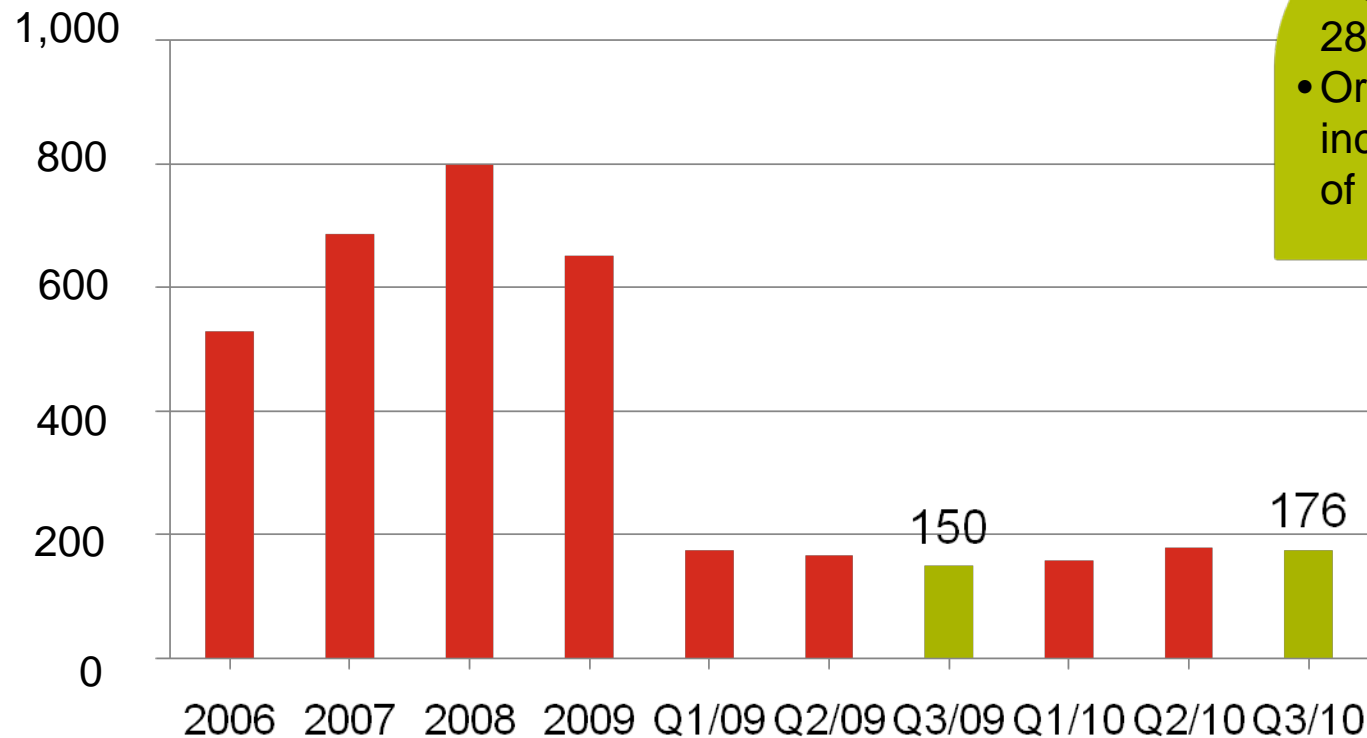
MEUR



- Net working capital decreased to EUR 89 (31 Dec 2009: 123) million

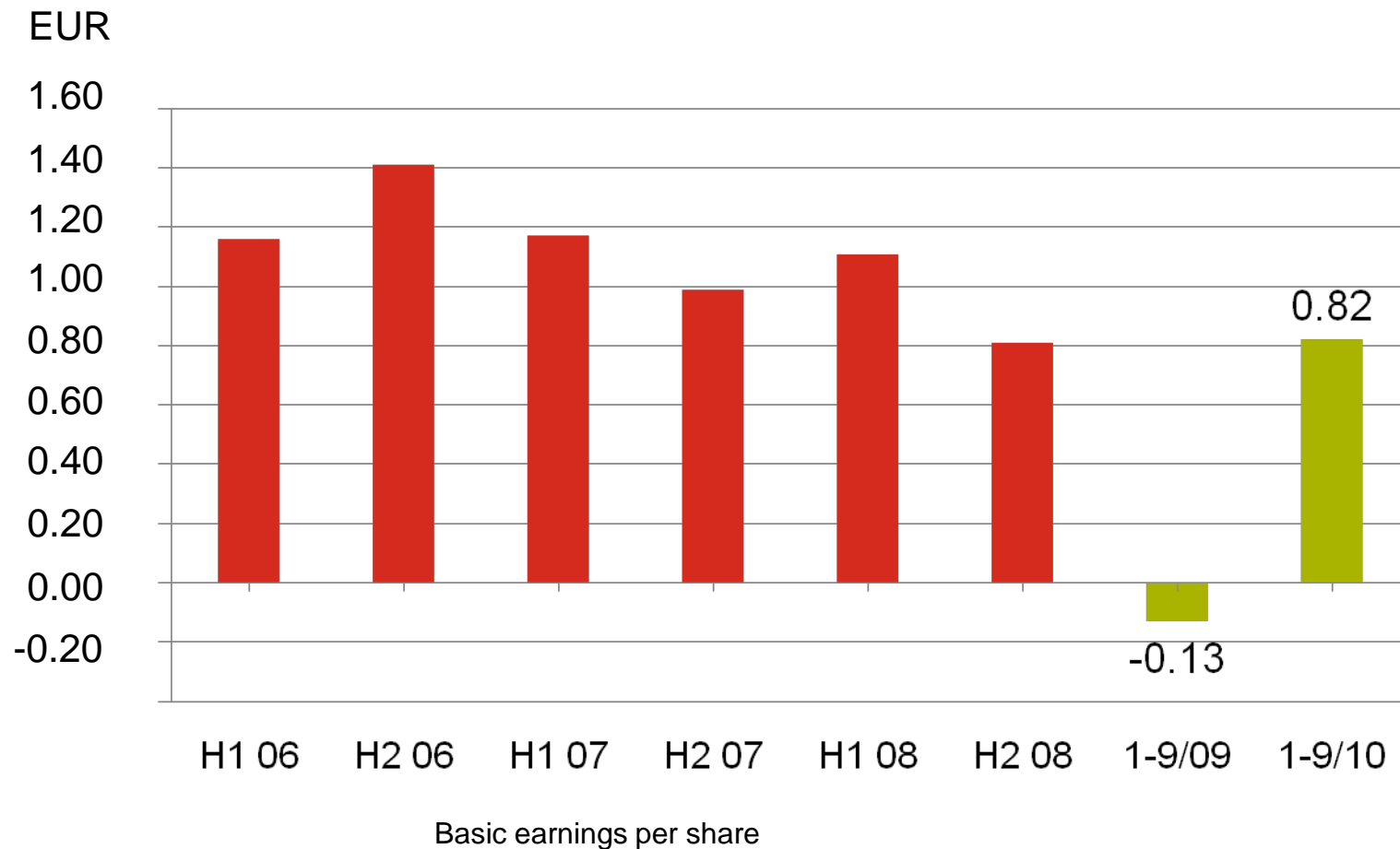
## Services sales turned to slight growth

MEUR



- 1-9/2010: Service 28% of total sales
- Orders received increased in all areas of service business

## Clear improvement in earnings per share

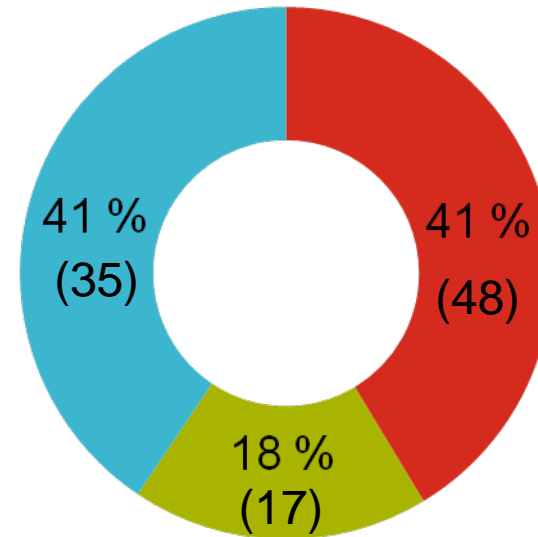
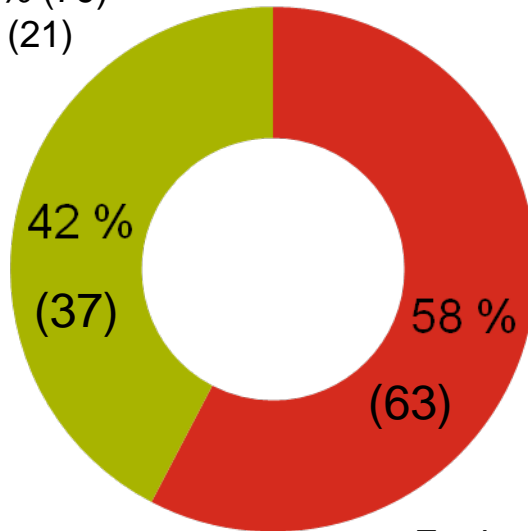


# EMEA and APAC equal in size by sales

Sales by reporting segment 1-9/2010, %

Sales by geographical segment 1-9/2010, %

Equipment 81% (79)  
Services 19% (21)



Equipment 65 % (71)  
Services 35% (29)

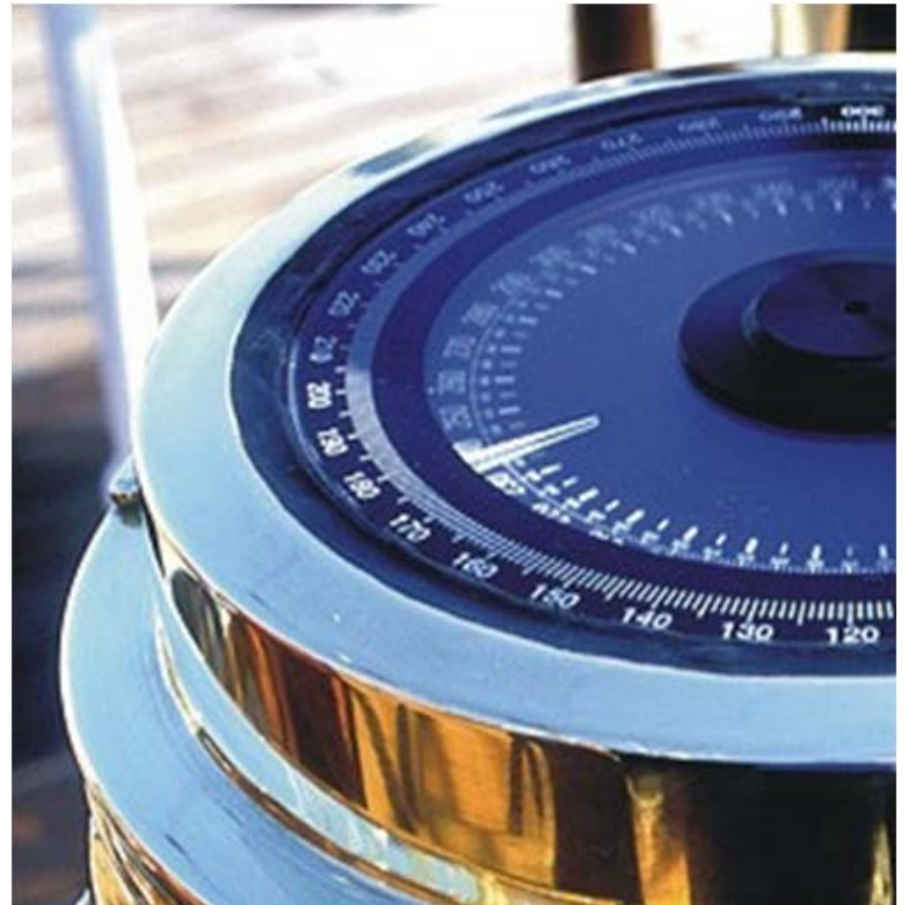
■ Marine ■ Industrial & Terminal

■ APAC ■ Americas ■ EMEA



## Cargotec's key priorities in 2010

- Preparing for growth strategy
- Focused research & development
- Service concept development
- Ensuring accomplishment of efficiency targets



## Outlook

- Cargotec continues to estimate 2010 sales to be on 2009 level for both Industrial & Terminal and Marine segments.
- Operating profit for 2010 is expected to be in the range of EUR 120–130 million including one-time restructuring costs.
- The recovery in the market environment and the resulting growth in order volumes support growth in Industrial. The sales of Terminal are expected to fall short of 2009 levels due to the slower recovery of these markets, as second half orders will not have an effect on full-year sales due to delivery times.
- Based on the healthy nine-month development, strong order book and new orders received still to be delivered during 2010, sales in Marine will reach year 2009 level.

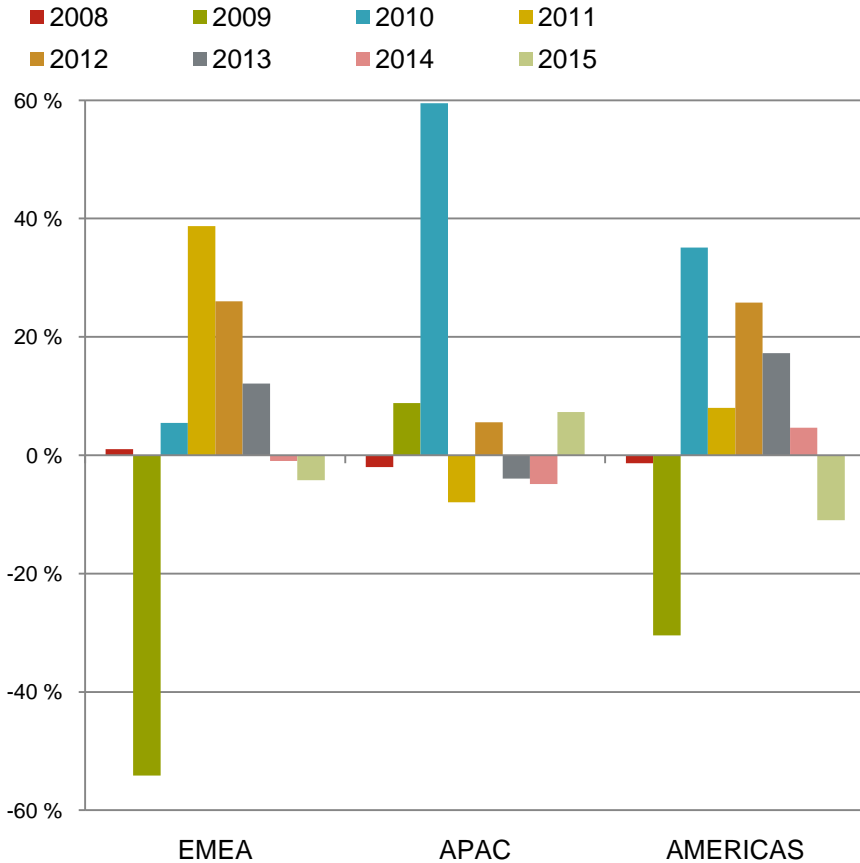
# Appendices



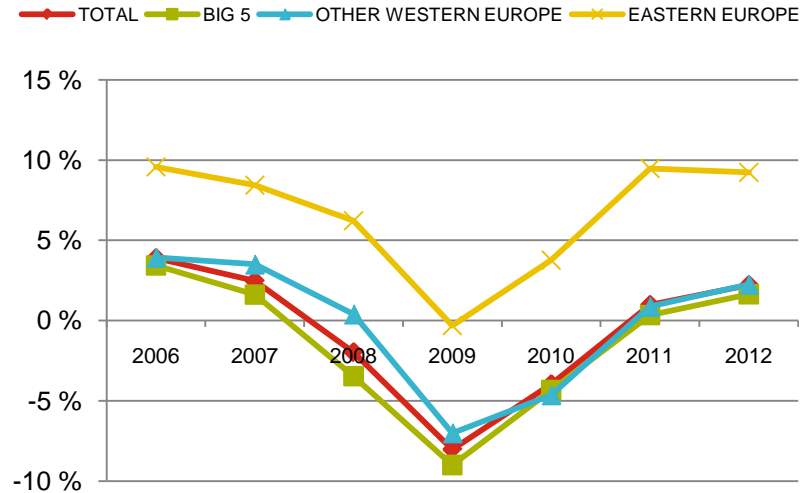
# Macro indicator trends for Industrial

## Heavy Truck Registrations

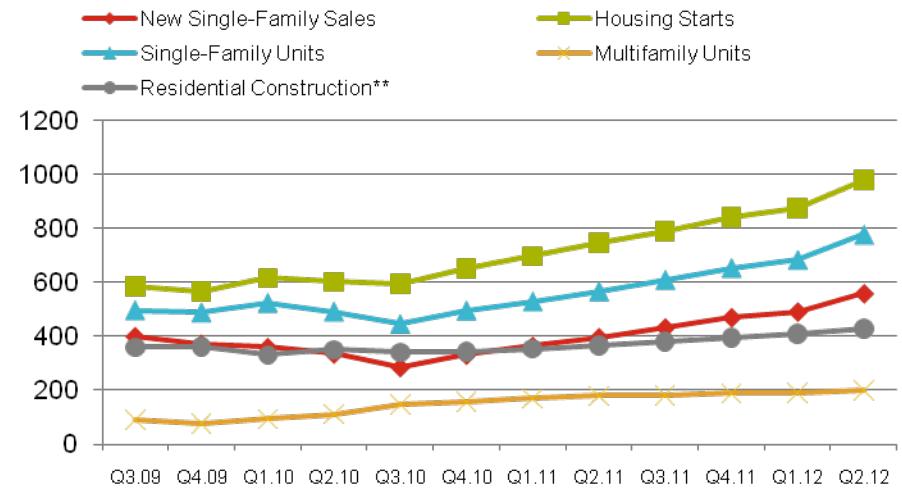
### Sales growth GVW over 15 ton - Regions



## Euroconstruct: Construction output



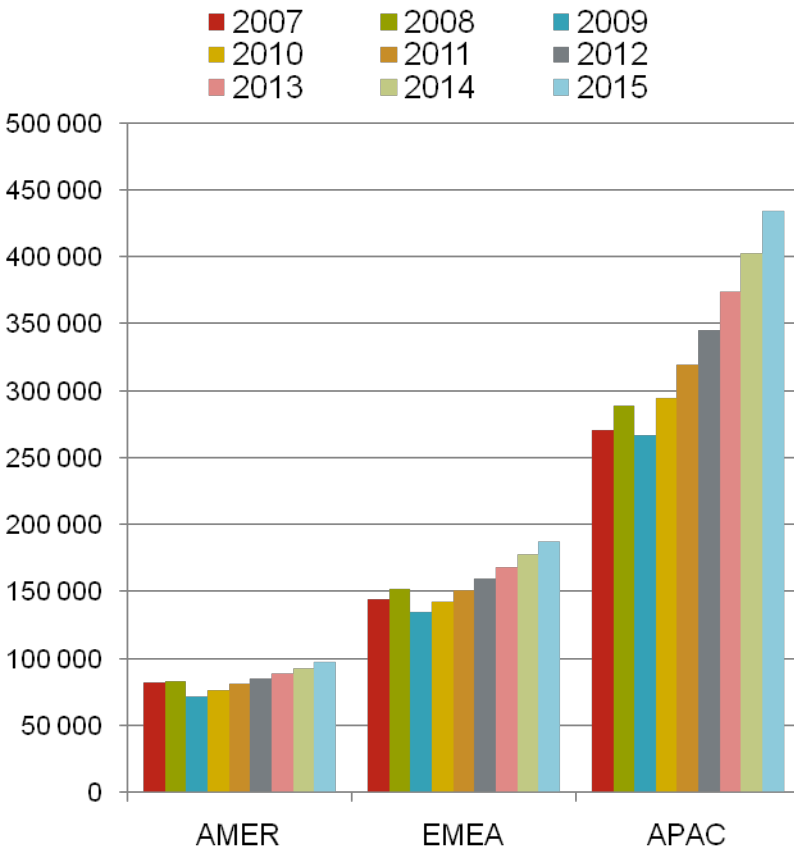
## Realtor: US Housing indicators 2009-2012 (Thousands)



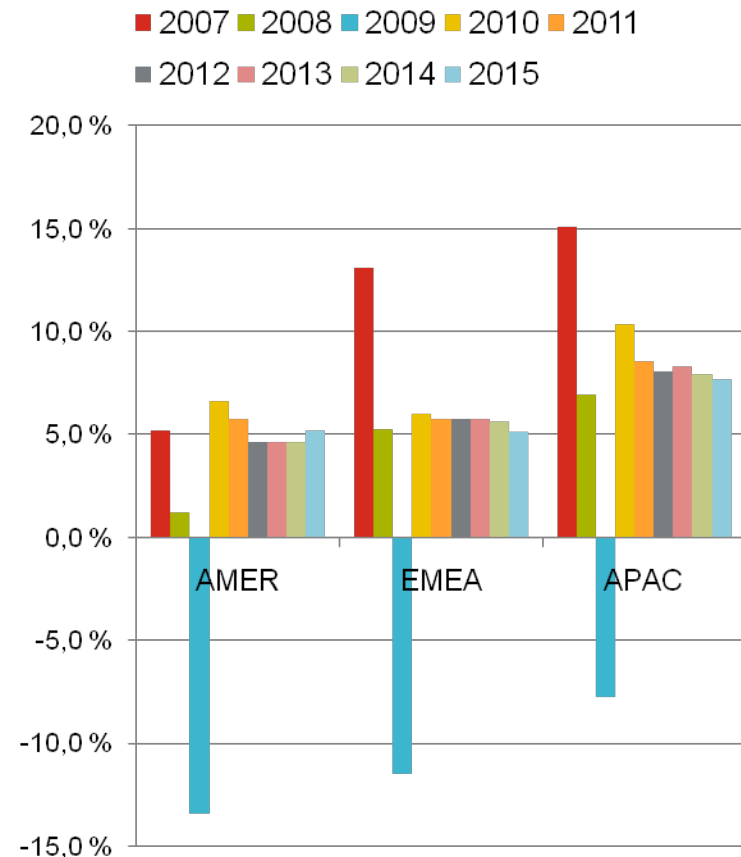
Source: Global Insight Q32010, Euroconstruct Country Report June 2010, Realtor October 2010

# Macro indicator trends for Terminal

Drewry (Throughput TEU units)



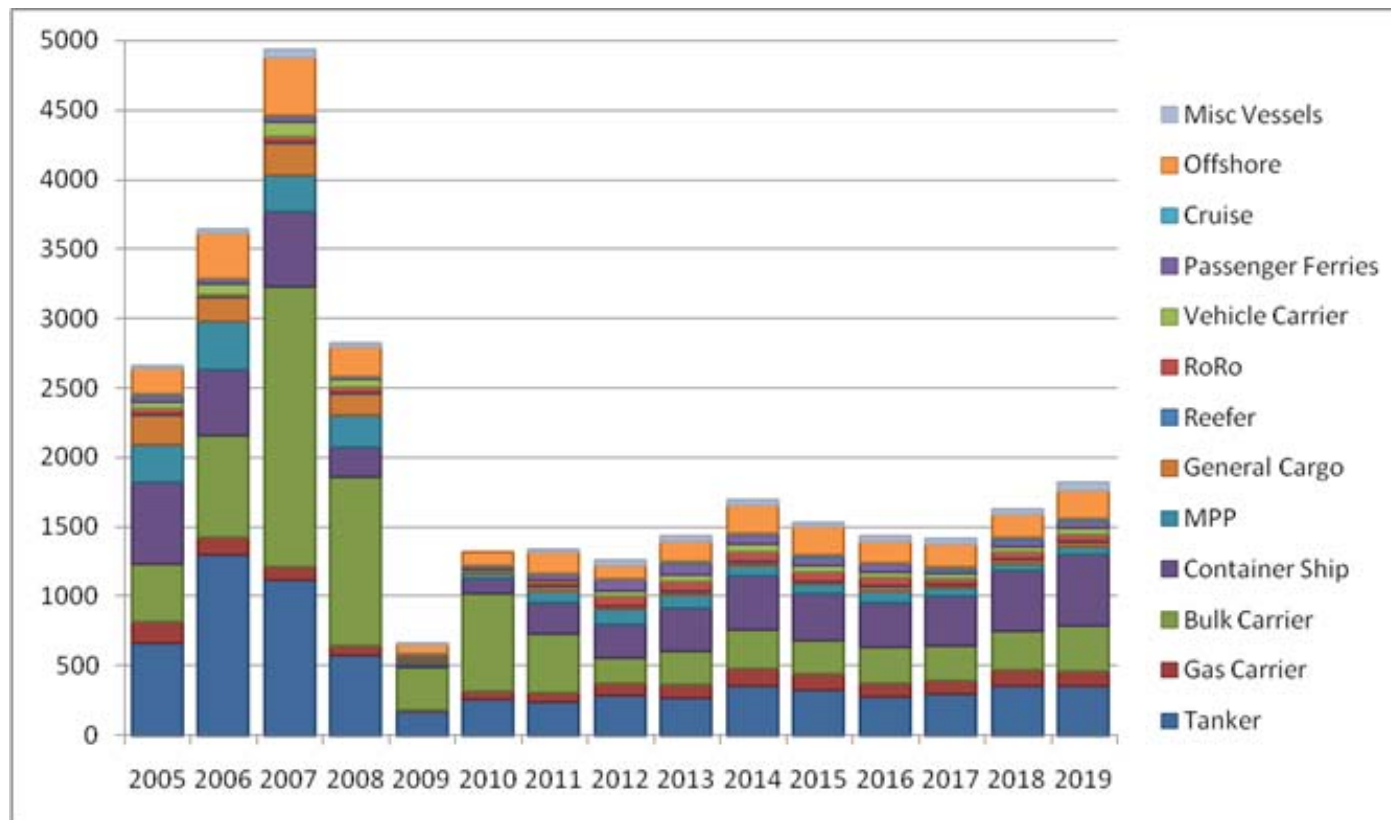
Drewry (Throughput TEU % change)



Source: Drewry Global Container Terminal Operators 2010 - Annual Review and Forecast August 2010

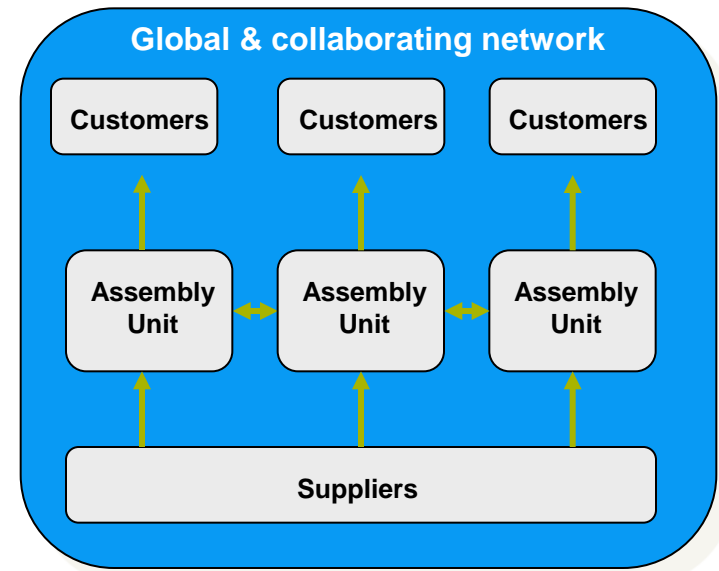
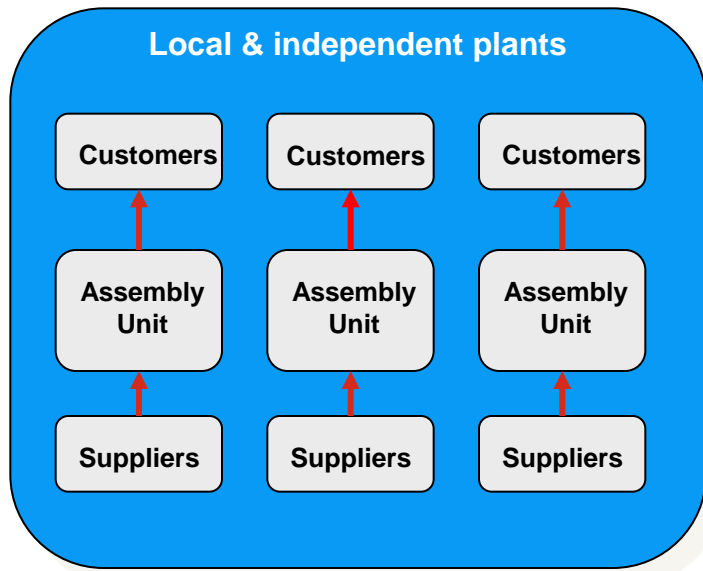
# Ship contracting forecast

No. of ships, >2000gt



Source: Clarkson Research, Sep 2010

# Cargotec Supply has developed



## From “Site oriented”...

- No co-ordination between Hiab, Kalmar and MacGregor.
- Tradition manufacturing style (high level of buffers)
- Many small, local factories serving global product lines
- All factories worked in different ways and no common processes
- Sourcing, logistics and quality was locally driven

## ...to “Supply industrial system”

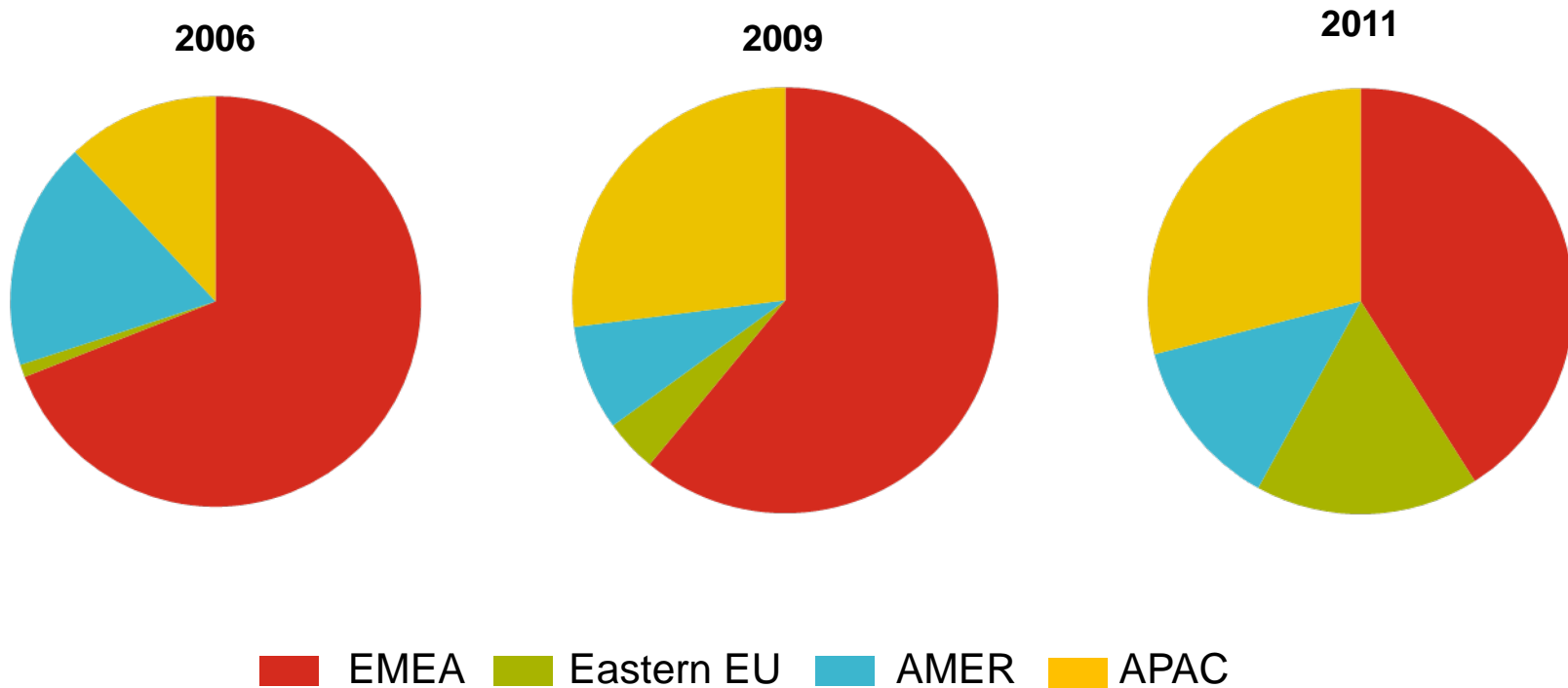
- One single Supply organisation
- A global network
- Lean production concept (reducing waste)
- Factories assemble a wide range of equipment
- New ways of working - One Company approach
- A global sourcing, logistics and supplier quality organisation that take full advantage of the total product volumes

## Global factory set-up today



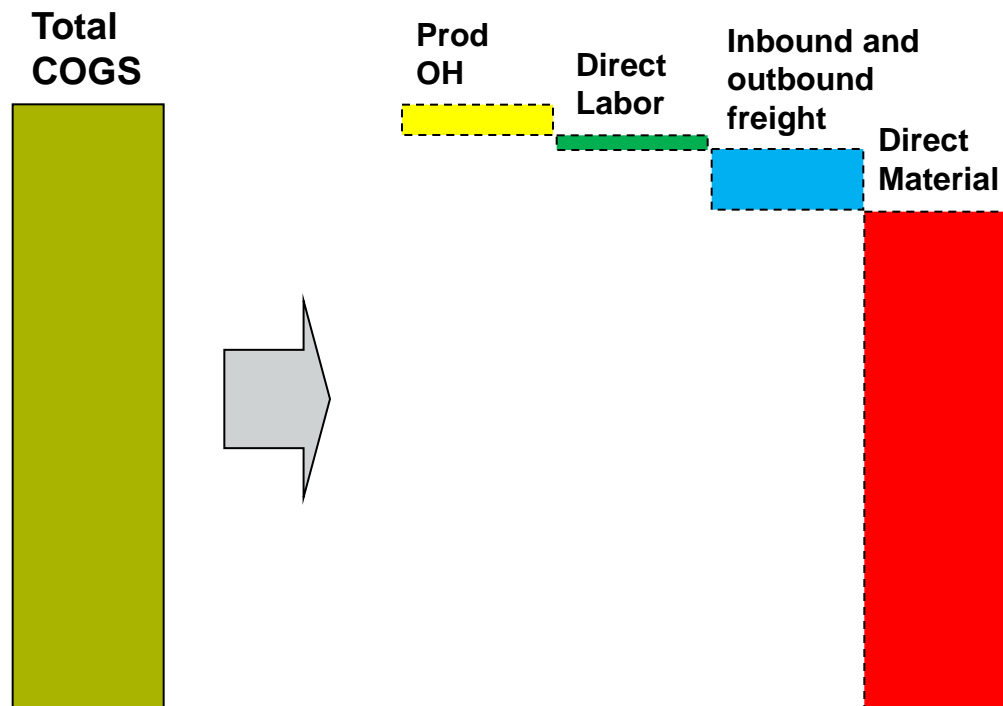


## Increasing sourcing from Eastern EU and APAC

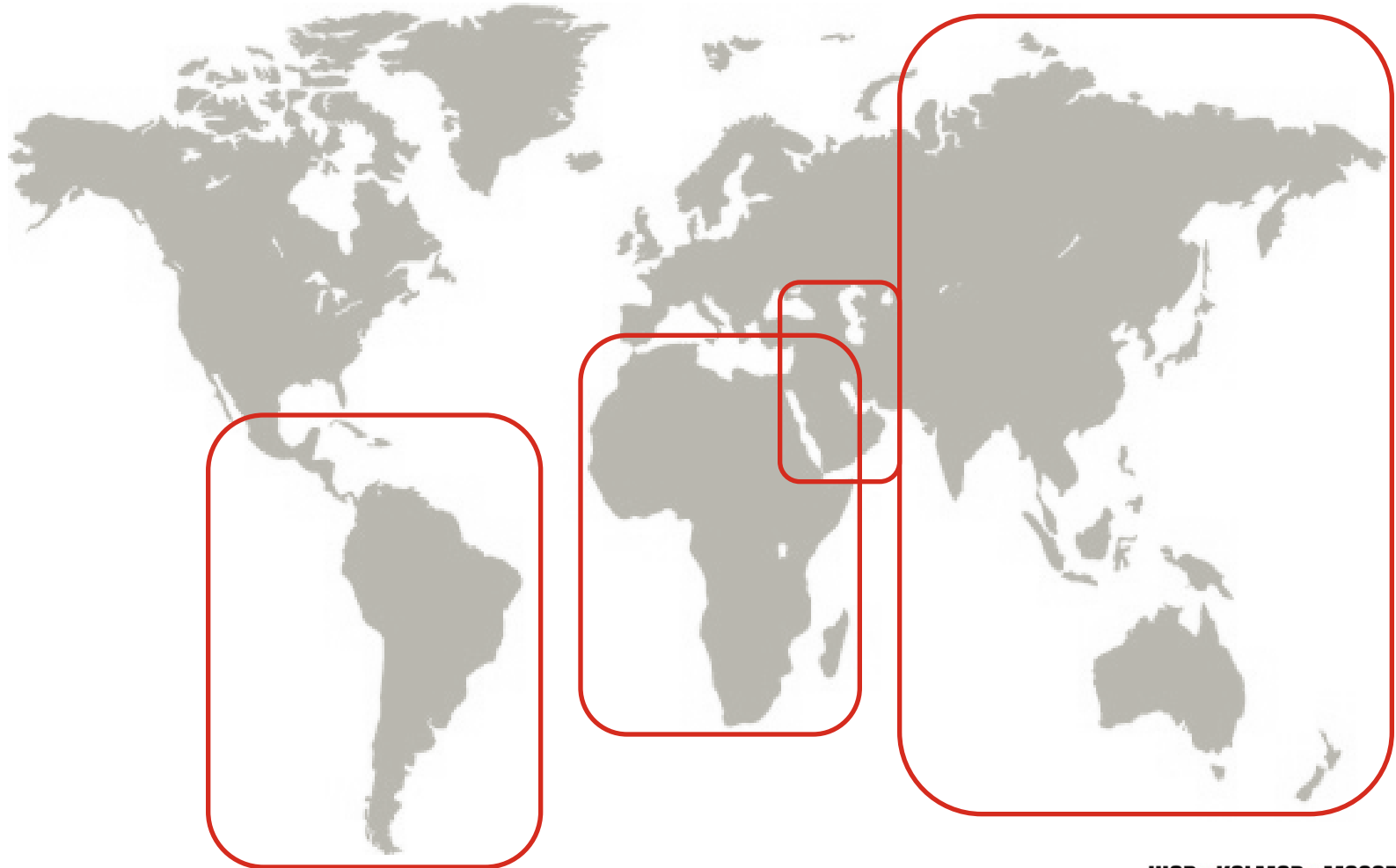


Volume in USA decreased from 2006 to 2009 mainly due to weakening market

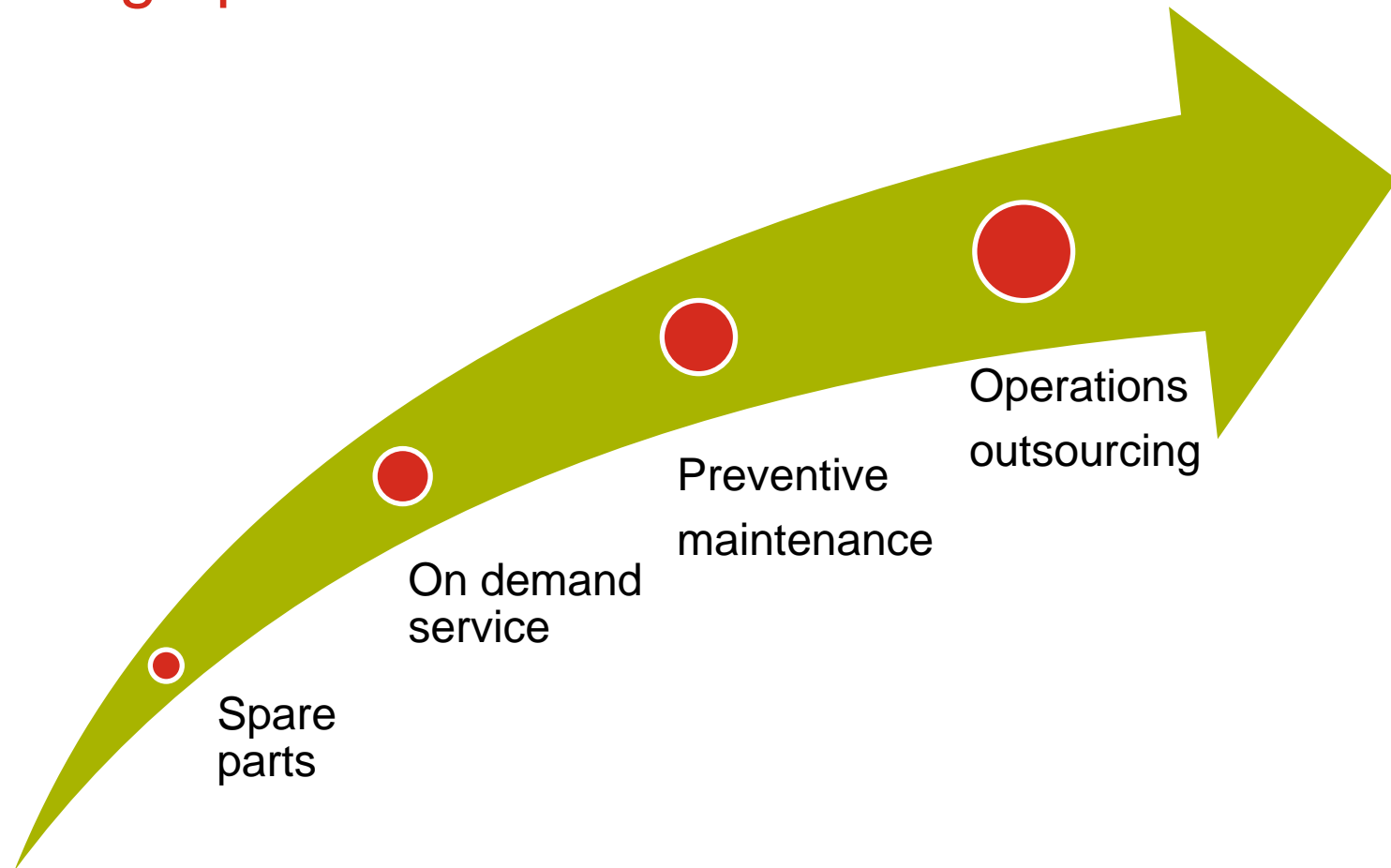
Optimising cost of Supply means optimising all parts of cost of goods sold (COGS)



## Services geographical growth opportunities



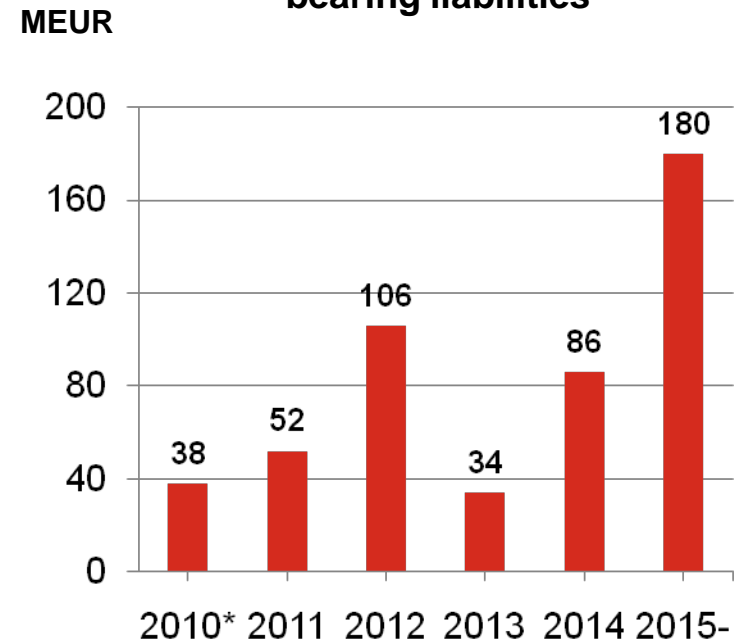
## Growing up the value chain



## Healthy financing structure

- Small repayments scheduled for 2010–2011
- Liquidity of MEUR ~820
  - Cash and cash equivalents MEUR 224
  - Long-term unused Revolving Credit Facilities MEUR 585
    - MEUR 535 maturing in 2012
    - MEUR 50 maturing in 2013

Repayment schedule of interest-bearing liabilities



\* 10-12/2010

# 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™