

**Strong progress in becoming
the leader in intelligent cargo handling
and delivering shareholder returns**

CEO Mika Vehviläinen

COMPLETED
PART REPLACEMENT

DIAGNOSTIC COMPLETED

All systems are operational

MAINTENANCE COMPLETE
REDEPLOYMENT IN PROGRESS

Lower Flange Range	Performance	Roller	Action
Gullone/Inletura (DPM) 3-50 7-60 5-50 10-100 50-200 Linnahelmä (LPM) 3.5-37.8 7.5-76.7 38.5-380 30-380 70-700	Lower Range for 2,0 Pk: 100% of reading Lower Range for 2,0 Pk: 100% of reading Lower Range for 2-100 lb and 20-1000 lb: 100% of reading Responsibility: +0.1%	20000	On Hold
Maximum Flange 1	Rolling Mainframe: Journal Bearings: Complete (90% Mounted) Shaft: Tungsten Carbide Rotor and Support: PVDF Retaining Ring: 316 Stainless Steel	20000	In progress
Gullone/Inletura (DPM) 15-30 75 100 200 Linnahelmä (LPM) 55.8 115.6 231.2 462.4 1.136		20000	Complete
Flange: 316 Stainless Steel Journal Bearings: Ceramic (90% Mounted) Shaft: Tungsten Carbide Rotor and Support: PVDF Retaining Ring: 316 Stainless Steel		20000	Action
		20000	Complete



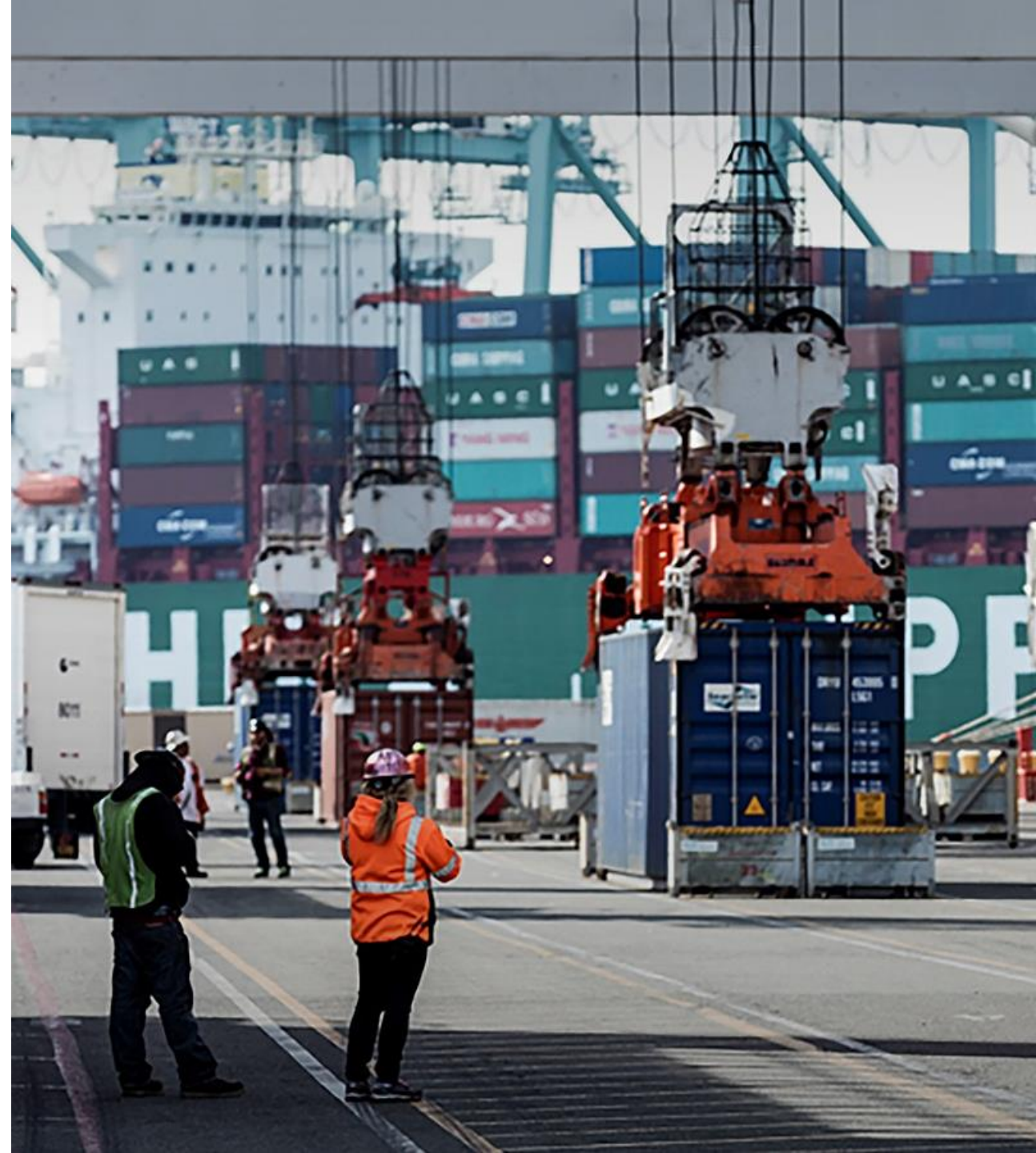
Strong progress in becoming the leader in intelligent cargo handling

Sustained progress since 2013

Strategy execution well on track

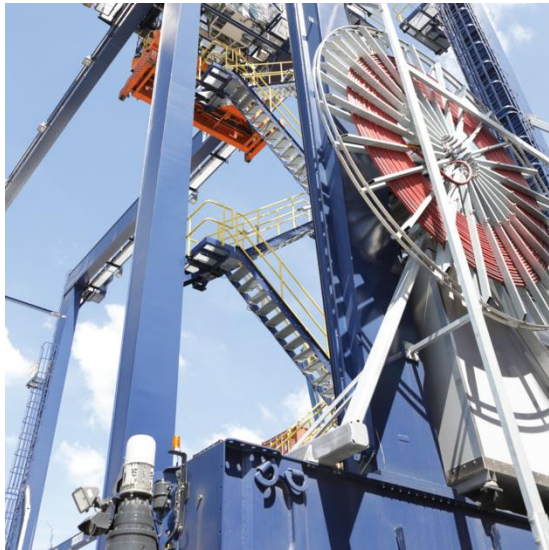
- Digitalisation driving new revenues
- Growing in services
- Leadership as a competitive advantage

Financial targets reflect our confidence in growing shareholder returns

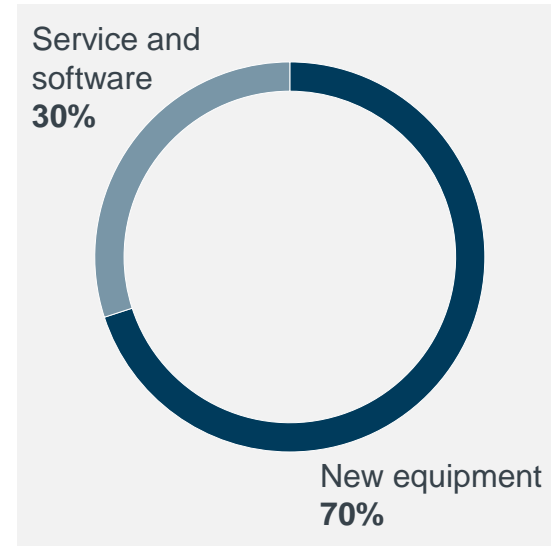


Strong global player with well-balanced business

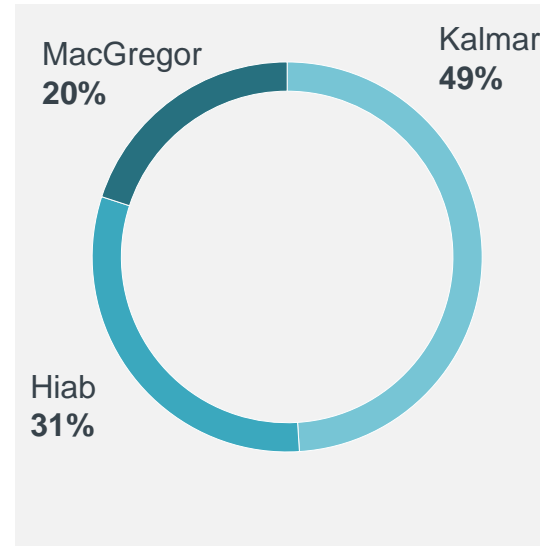
Sales:
EUR 3,425 million
EBIT: 7.5%



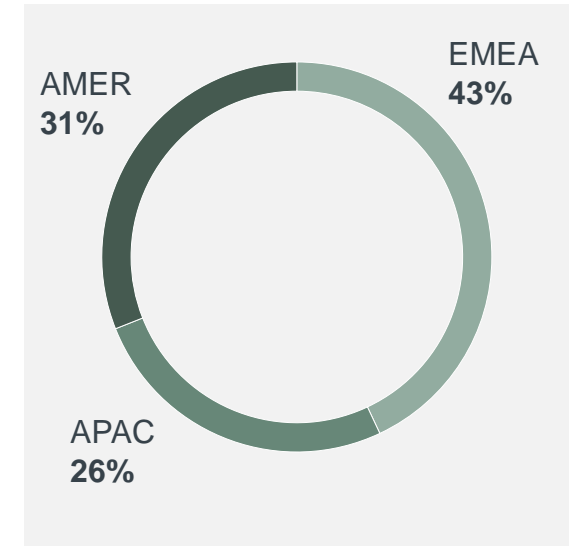
Sales split: new equipment vs service and software



Sales by business areas



Sales by geographical area



Strengths we are building upon

Leading market positions
in all segments

Strong brands

Loyal customers

Leading in technology

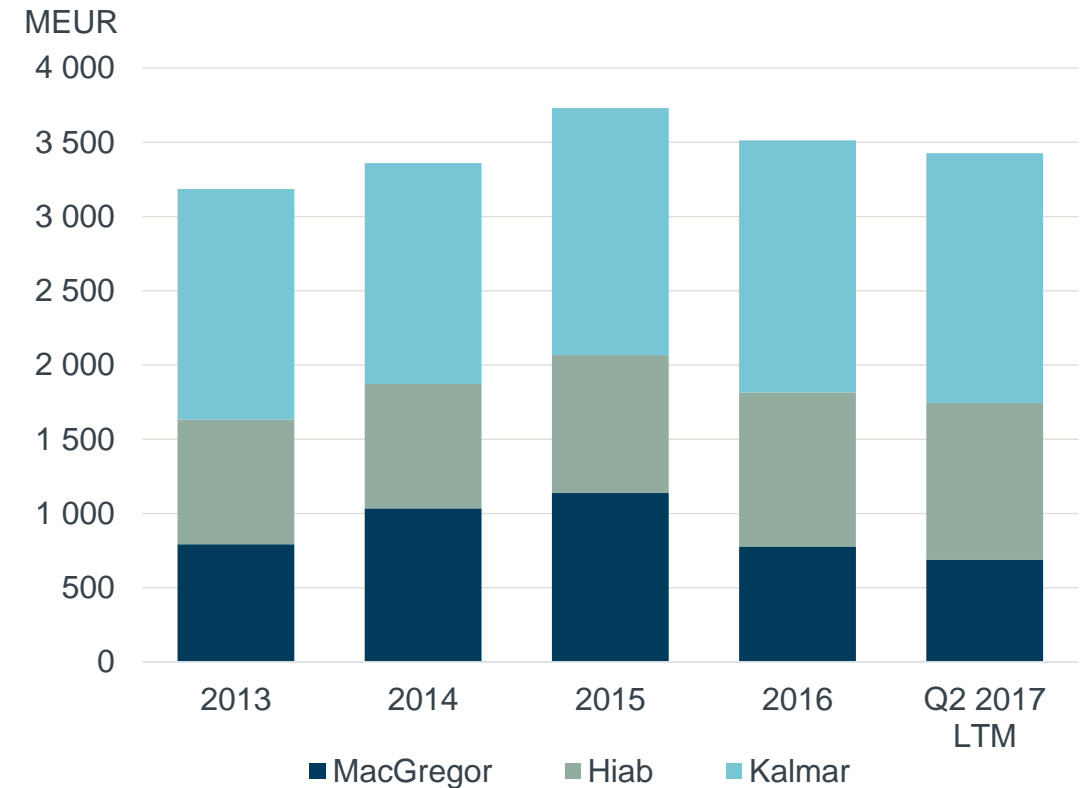
Solid growth in Hiab and Kalmar...

Kalmar growth driven by services, software and mobile equipment

Hiab growth strong in Americas and Europe, supported by successful R&D

MacGregor sales decline due to difficult market environment

Sales growth +8% since 2013 despite shipping downturn, +15% excluding MacGregor



LTM=Last 12 months (Q3/16-Q2/17)

...with operating profit* more than doubling

Kalmar's operating profit* has increased by 117% since 2013

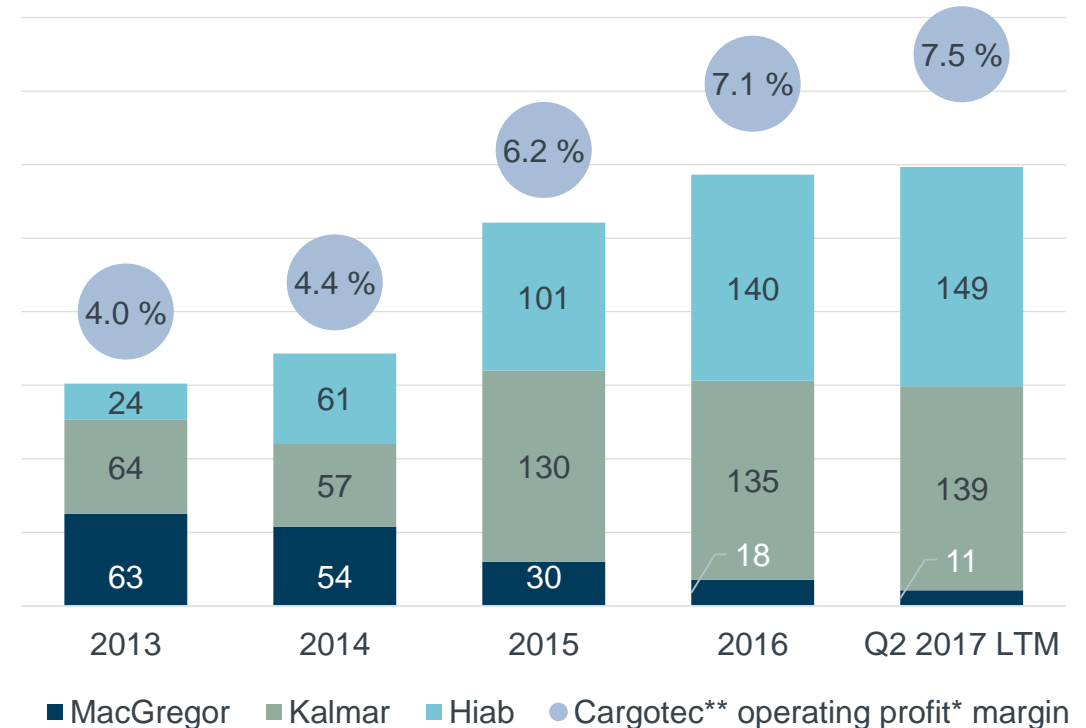
Hiab's operating profit* six times higher than in 2013

MacGregor's operating profit* has remained positive despite challenging market situation

Investments into improved control environment paying off

Operating profit* has increased 104% since 2013

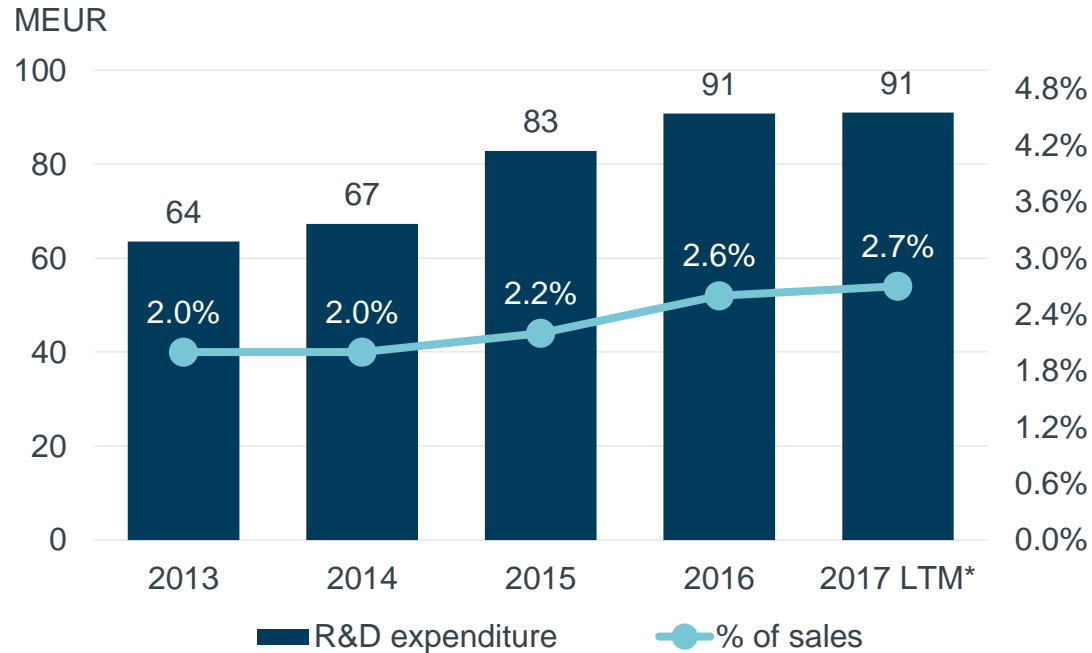
MEUR



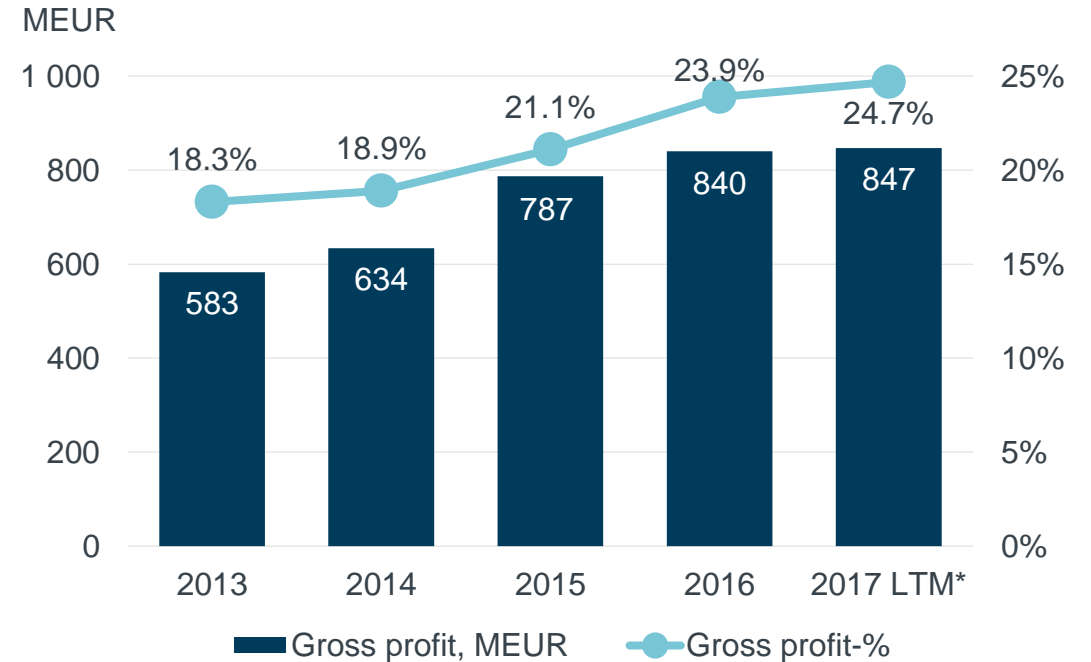
*) Excluding restructuring costs, **) Including Corporate admin and support
LTM=Last 12 months (Q3/16-Q2/17)

Growth investments are delivering higher gross profit

Research and development



Gross profit



R&D investments focused on

- Digitalisation
- Competitiveness and cost efficiency of products
- Offering for eco-efficiency

Gross profit improvement driven by

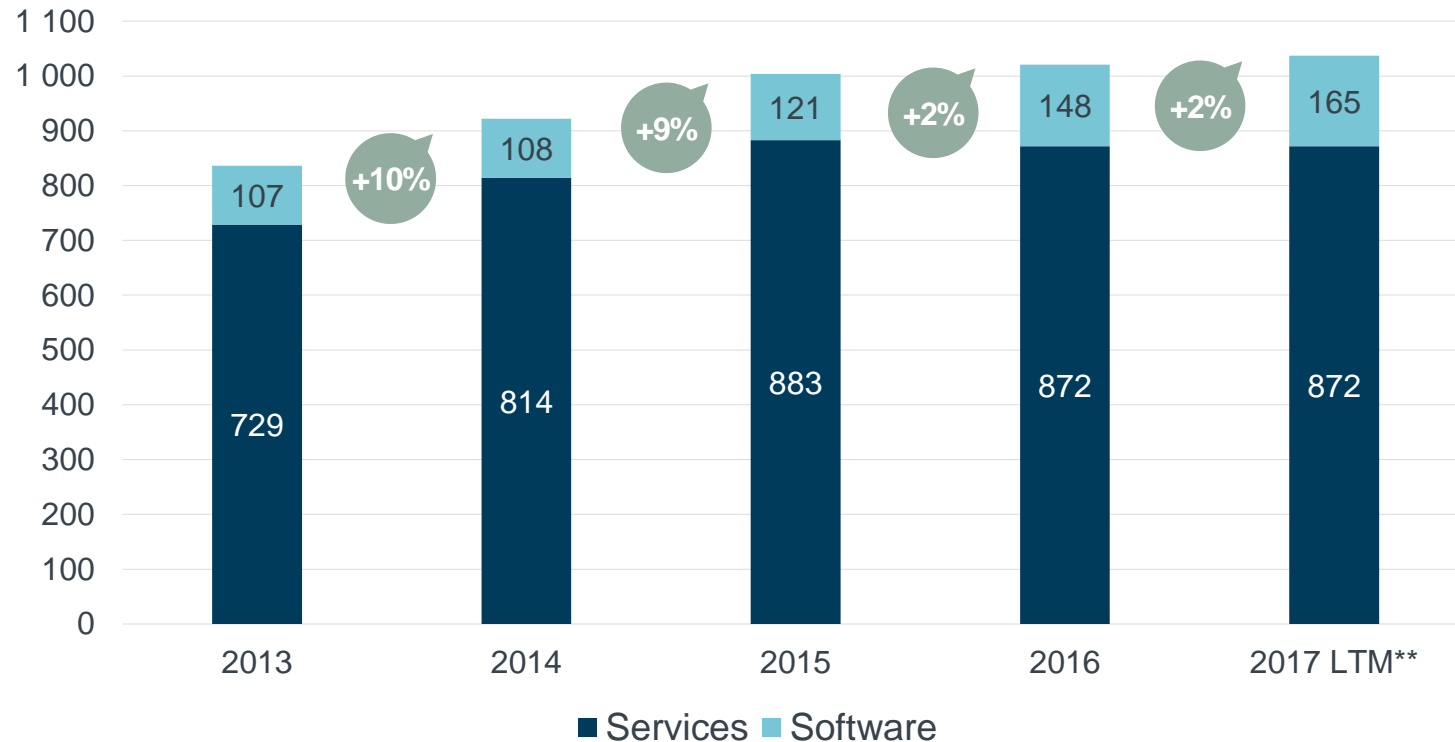
- New products and product redesign
- More efficient project management

*) LTM = Last 12 months, Q3/16 – Q2/17

Services and software annual sales exceed EUR 1 billion

Services and software* sales

MEUR



Service and software sales are increasing

Service and software 30% of total sales

- 26% in 2013

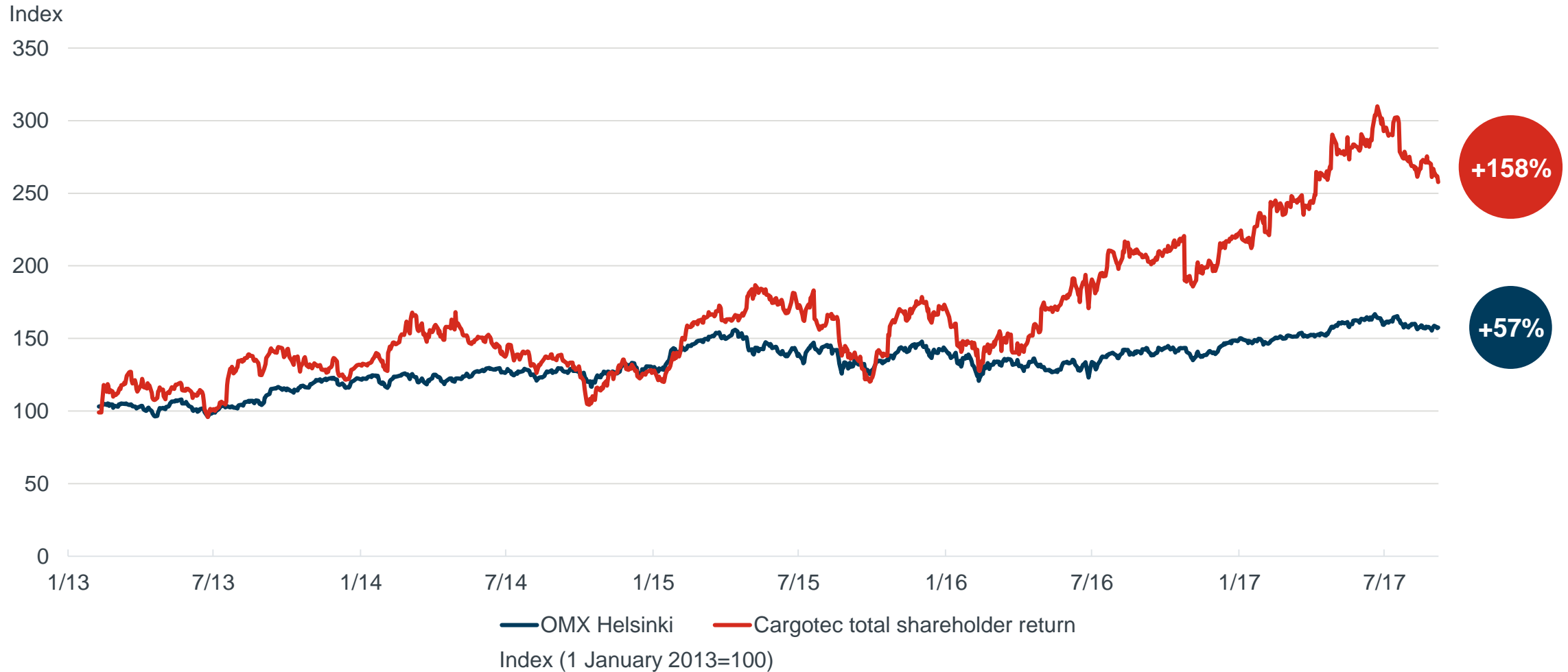
24% increase in service and software sales since 2013

- Kalmar +23%
- Hiab +21%
- MacGregor +33%

*) Software sales defined as Navis business unit and automation software

**) LTM = Last 12 months (Q3/16-Q2/17)

Our role is to maximize shareholder value across our businesses



We are transforming from equipment provider into a leader in intelligent cargo handling

2013

Product leadership

Good equipment company

→ Product R&D drives offering development and higher gross profit

2018

Services leadership

World-class service offering

→ Connected equipment and data analytics building value on data
→ Significant software business

2020

Leader in intelligent cargo handling

40% of the sales from services and software

→ More efficient and optimised cargo handling solutions

MUST-WINS

Lead digitalisation

World class service offering

Build world class leadership

Leading cargo flow digitalisation to create new revenues

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

Significantly increased resources and competences

- 100 full-time employees more focusing on digitalisation
- Establishment of the IoT Cloud data platform and connectivity solutions
- Solid 54% growth in software sales since 2013
- XVELA industry collaboration platform introduced
- Digital business accelerator programme

NEXT STEPS

All new equipment connected by 2018

- 20+ new digital products to be launched in 2017-2018
- Build on Navis position as industry leader

FUTURE AMBITION

Target to double software and digital services revenues during next 3-5 years

- Deliver customer value and drive the industry towards better optimization and sustainability with software, automation, data and collaboration platforms

Becoming industry benchmark in services

DIGITALISATION
SERVICES
LEADERSHIP

MAIN ACHIEVEMENTS

Dedicated service organizations

- Increased focus on services
- Over 4,000 persons in global service network
- Value adding services product portfolio
- E-commerce platforms launched
- Service sales growth 20% since 2013

NEXT STEPS

Increase spare parts capture rates

- Boost service contract attachment rates
- Design to service to enhance spare parts sales
- Enable connectivity for all new equipment
- Strengthen own service network
- Introduce new service products

FUTURE AMBITION

Become benchmark in services in our industry

- Culture change from products to customer value
- Capturing increasing value through service-based business models

Investing in world-class leadership to deliver high performance

MAIN ACHIEVEMENTS

Tailored, data-based leadership model to drive our performance and strategy execution

- Top 300 and next 700 leaders assessed and trained during 2016-17

NEXT STEPS

Complete the roll-out of the leadership assessments and training

- Personal change planning to help leaders turn around low-performing organizational climates - leader by leader

FUTURE AMBITION

Leadership is competitive advantage for Cargotec

- Leadership performance is embedded in all aspects of the employment lifecycle
- 50% increase in leaders who create high performing organizational climates

Sustainability is our competitive advantage

Sales account for around 20% of the total revenue in 2016:
Significant R&D and digitalisation investments drive the growth of offering for eco-efficiency

Systems
efficiency



Efficiency for
environmental industries



Emission
efficiency



Resources
efficiency



Updated financial targets reflect increased stability and profitability

Targets from 2015	New targets	Results
Grow faster than the market	Grow faster than the market	Growth rates 2013 - Q2 2017 LTM per annum (CAGR): Kalmar 2.0%, Hiab 5.9%, MacGregor -3.6%
EBIT margin 10% for each business area over the cycle	Cargotec operating profit margin 10% in 3-5 years	Q2 2017 LTM: 7.5%**
Service and software sales 40% of net sales	Service and Software sales 40% of net sales, minimum EUR 1.5 billion in 3-5 years	Q2 2017 LTM: 30% total EUR 1.04 billion
Dividend 30-50% of earnings per share	Increasing dividend in the range of 30-50% of EPS, dividend to be paid twice a year*	2013-2016: steady 31% p.a. (CAGR) increase in absolute dividend, average 46% of EPS
15% ROCE over the cycle	15% ROCE in 3-5 years	Q2 2017: 10.2% (annualised)
Gearing below 50%	Gearing below 50%	Gearing 42.7% in Q2 2017

*To be proposed to Annual General Meeting 2018

**Excluding restructuring costs

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