



**Michel van Roozendaal, President, MacGregor**

# Performing in challenging market conditions



# Performance – a solid base for continued industry leadership

Successfully defending profitability levels

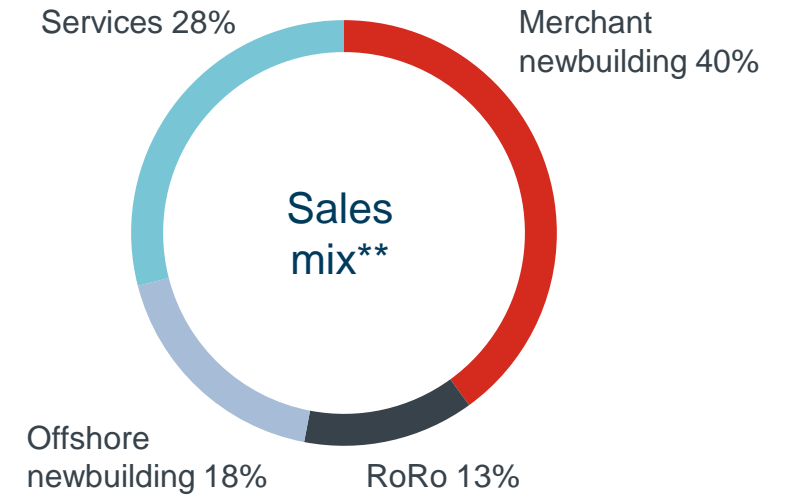
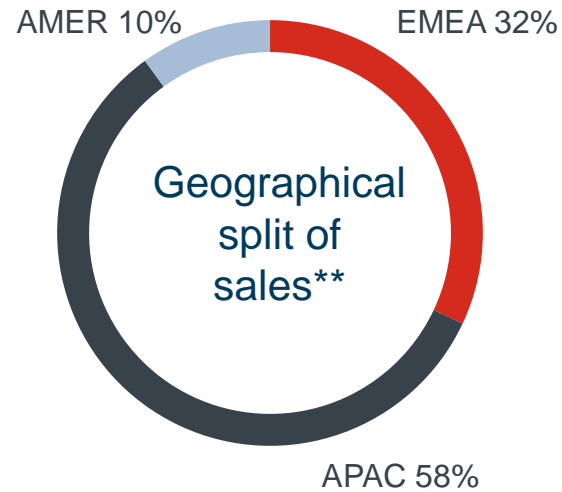
Continuing to invest in technology and innovation and will lead the industry transformation

In a strong position to take advantage from the long term growth opportunities in the maritime industry



# MacGregor – leader in maritime cargo and load handling

MEUR	Q2 2017 LTM**
Orders received	482
Order book	507
Sales	687
Operating profit*	10.6
Operating profit margin*	1.5%
Personnel	1,952



MacGregor shapes the offshore and marine industries by offering world-leading engineering solutions and services with a strong portfolio of brands. Shipbuilders, owners and operators are able to optimise the lifetime profitability, safety, reliability and environmental sustainability of their operations by working in close cooperation with MacGregor.

# We are an active leader in all maritime segments

Merchant  
Cargo Flow

**MARKET  
POSITION**

**#1**

- Container cargo
- Bulk cargo
- General cargo
- Liquid cargo
- RoRo cargo

Marine  
People Flow

**#1**

- Ferry
- Cruise
- Superyachts
- Walk-to-work

Offshore  
Energy

**#1**

- Oil & Gas
- Renewables

Marine Resources  
& Structures

**#1-2**

- Research
- Fishery
- Aquaculture
- Mining
- Floating structures

Naval Logistics  
and Operations

**#1-2**

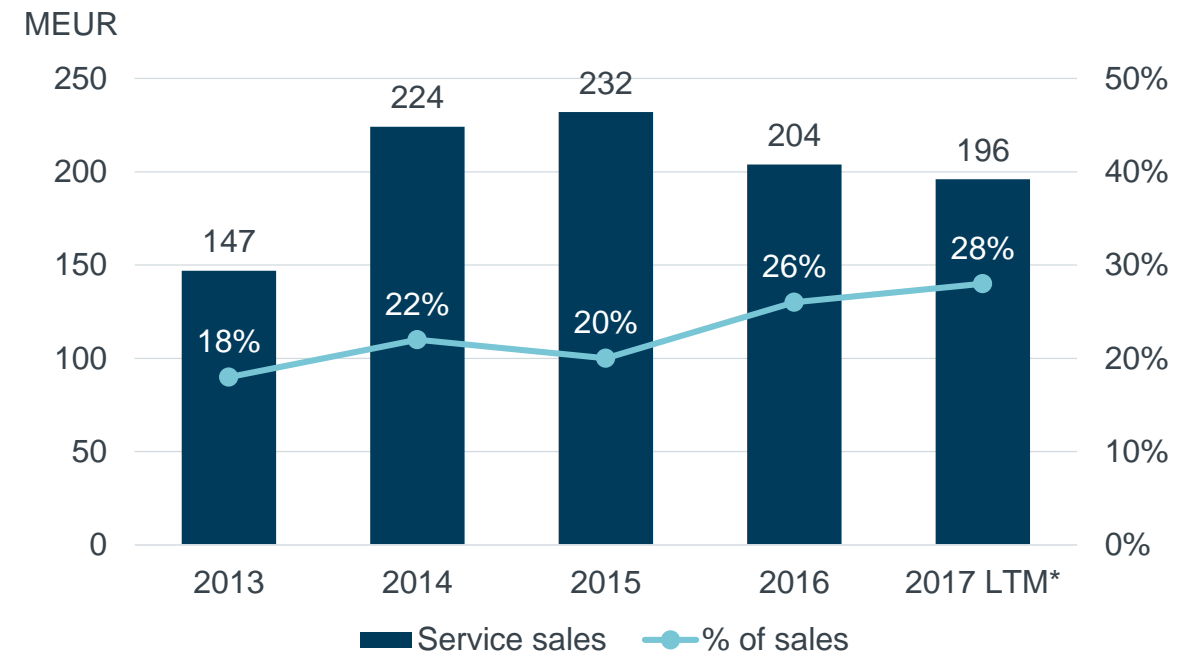
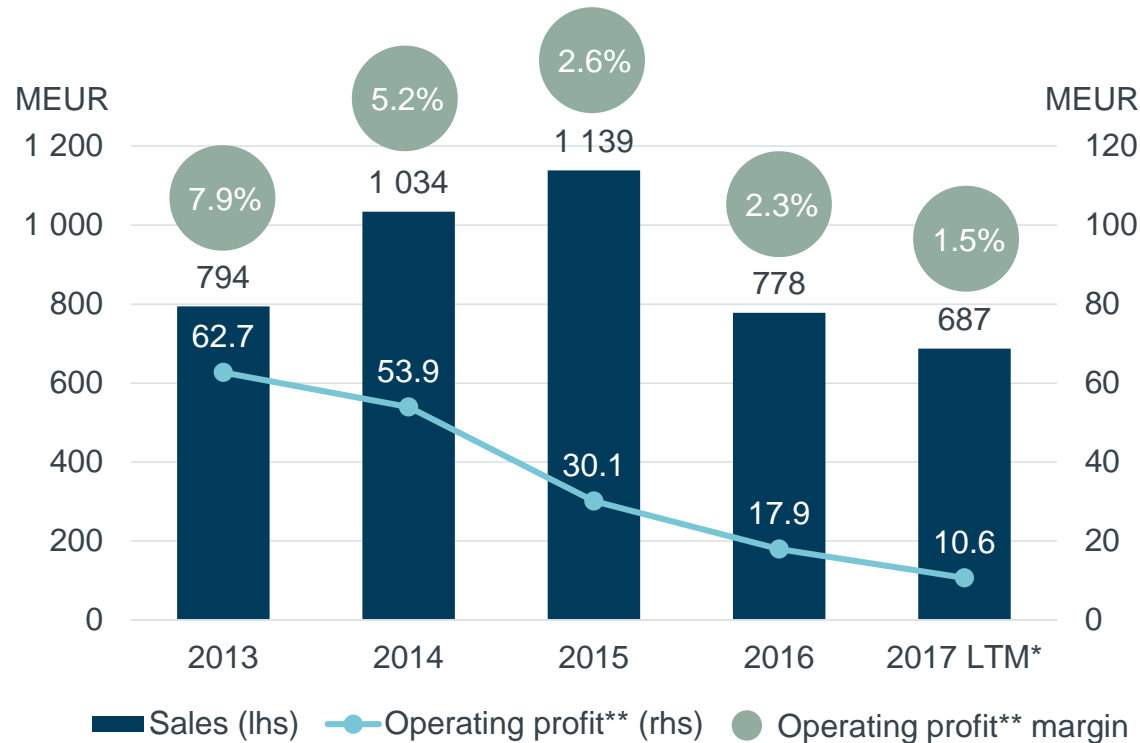
- Naval & Military  
Supplies Logistics
- Naval & Military  
Operations Support
- Ship-to-ship  
transfer

## Lifecycle Services



Picture: Statoil

# Maintaining profitability in a difficult market environment...



Despite a reduction of over EUR 450 million in sales since 2015, we maintained positive operating profit levels

Share of services is steadily growing

# ...due to three focus areas

## ASSET-LIGHT BUSINESS MODEL

- 90% of manufacturing is outsourced
- Over 30% of design and engineering is outsourced

## ACTIVE MARGIN MANAGEMENT

- Product cost reduction with Design-to-Cost program of over MEUR 10 annually
- Establishment of new Asia-based sourcing organisation
- Implementation of new Project Execution Model

## STREAMLINED GLOBAL STRUCTURE

- Active headcount management - 770 redundancies incl. divestment of Woodfield, UK (60 persons) and production site in Uetersen, Germany (80 persons)
- Relocating transactional service activities to Gdansk, Poland (50 persons)
- Consolidating support functions



# Recent significant orders show our resilience and...

## Merchant ship segment (RoRo)

MacGregor has signed Port Solution contracts in Australia, Norway, France and Japan. These link spans will enable optimal traffic flow and high flexibility at the quay.

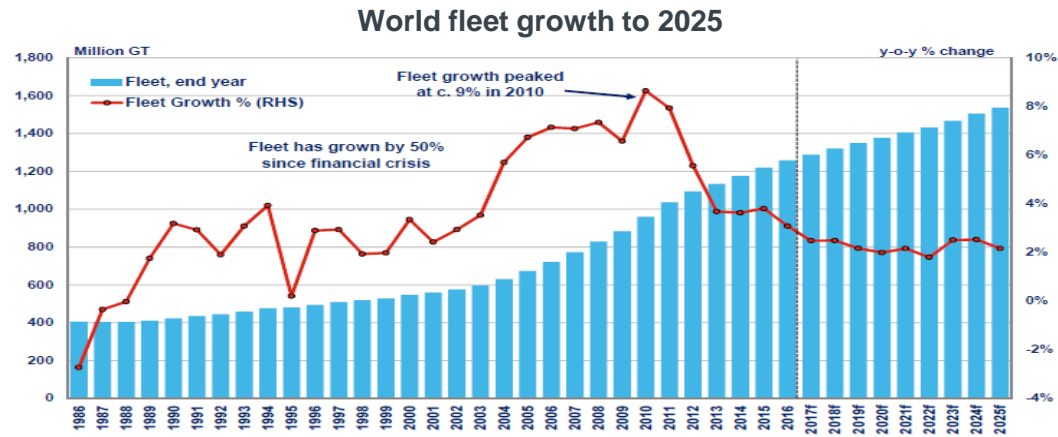


## Offshore segment (FLNG market)

MacGregor has been commissioned to provide a mooring/riser system for the floating storage and regasification unit (FSRU) by Excelerate. The unit will serve the Moheshkhali floating LNG terminal offshore Bangladesh.



# ...our traditional core markets are slowly coming back

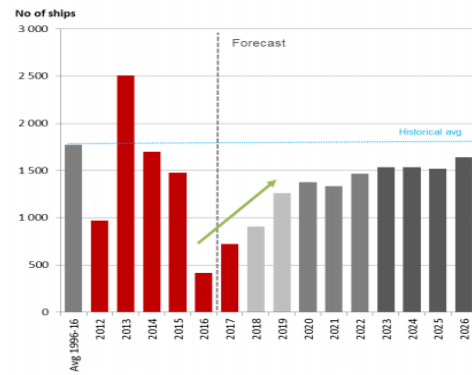


Fragile recovery in the container and dry bulk shipping, but below historical averages:

- Low oil prices, resilience of US shale production
- Fleet oversupply in both merchant and offshore oil & gas markets continues
- Charter rates remain at historically low levels
- Newbuilding contracting at historically low levels

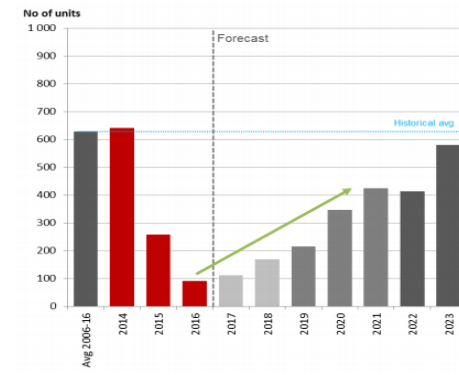
## Long term contracting 2012-2026

Merchant ships > 2,000 gt (excl ofs and misc)



## Long term contracting 2014-2023

Mobile offshore units



Source: Clarksons Research, March 2017



# Continuing to build a professional service foundation

## Three main sales lines exist today:

Spare parts (60%), maintenance (including contracts; 30%) and project work (10%).

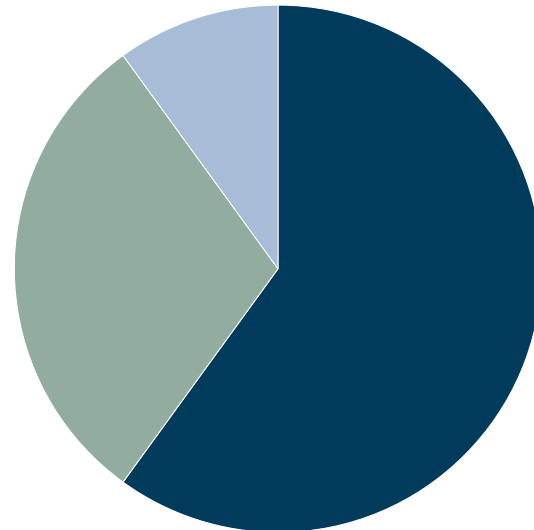
Strong focus on disruptive technologies, which are coming from digitalisation and environmental products that will add value for our customers.

### MEUR

### LTM\*

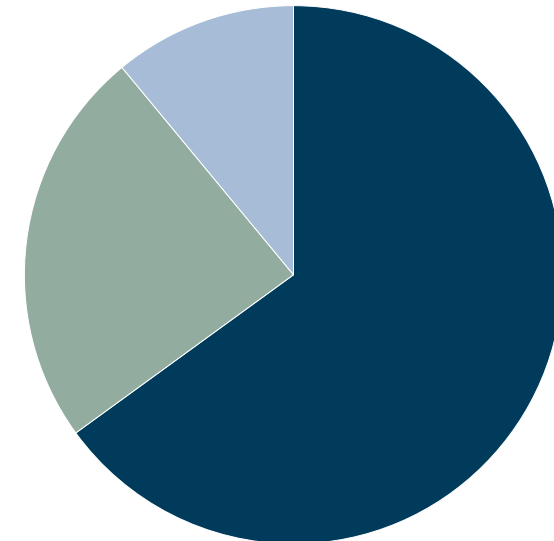
Service orders received	<b>194</b>
Service sales	<b>196</b>
Service personnel	<b>758</b>

## Service sales by category\*



- Spare parts
- Maintenance
- Projects and Voyage Data Recorder

## Service sales by geographical area\*



- EMEA
- APAC
- Americas

# Our global services network – a solid foundation for services growth



# Customer intimacy over the lifecycle; key to growth in services

## Easy to do business with

- Single 24/7 Transactional center in Poland
- Connectable products and mobile asset management
- Dry-Docking planning tool
- All parts labelled MacGregor (including QR codes) for easy reference

## Service excellence

- Online monitoring and support for all equipment
- New technical support and training organisation; augmented reality
- On-time delivery of parts
- Drone inspections for cranes and hatches

## Advanced service offering

- Online equipment optimisation
- Up-time guarantee
- Smart parts advising when and how to change
- Value adding products, bio oils and grease, noise cancelling ramp connectors







**CASE:**

# Cargo Boost – optimising ships' productivity and earnings

**CHALLENGE:**

CSCCL (part of COSCOCS) and V.Ships identified a demand to transport more 40ft containers on board their vessels in Asia-Europe trade. However, there was a limited number of slots designed for big containers, also limiting the ships' earning potential.

**SOLUTION:**

The cargo systems of three 14,000 TEU container ships, which were built in 2011, were optimised with MacGregor Cargo Boost solution to increase capacity and improve flexibility.

After the upgrade, the ships can now take 260 x 40ft containers more and have an increased annual earning potential of USD 2,6 million/ship.



# MacGregor Digital – transforming a traditional industry

## STANDARD

- Delivery and commissioning
- Service and spare parts by operators initiative
- Competition by non-OEM service providers



## CONNECTED

### OnWatch

- Sensors and software for data recording installed
- Connectable for failure analysis, adjustment and software update
- Predictive maintenance

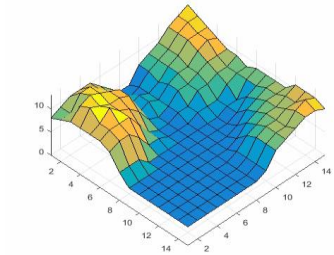
## OPTIMISED OPERATION

- Smart operation supported by artificial intelligence
- Improving operational performance
- Autonomous operation



# We use innovation to improve customer performance

**Autonomous unloading** of bulk by fully automated ship crane.



**MacGregor Sensor Pad** enables monitoring of dynamic loads in container stacks during voyage



**Winch system** for using fibre rope instead of steel rope for deep-water load handling.



# We are capturing "blue growth" opportunities



Seaborne  
logistics

Traditional  
Core



Marine bio-  
technology

New  
Growth



Marine and  
seabed mining

New  
Growth



Tourism

New  
Growth



Fishing

New  
Growth



Aquaculture

New  
Growth



Offshore  
oil and gas

Traditional  
Core



Offshore  
wind energy

New  
Growth



Ocean  
renewable  
energy

New  
Growth



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