

22 October 2019

Profitability improved

Cargotec's interim report January–September 2019

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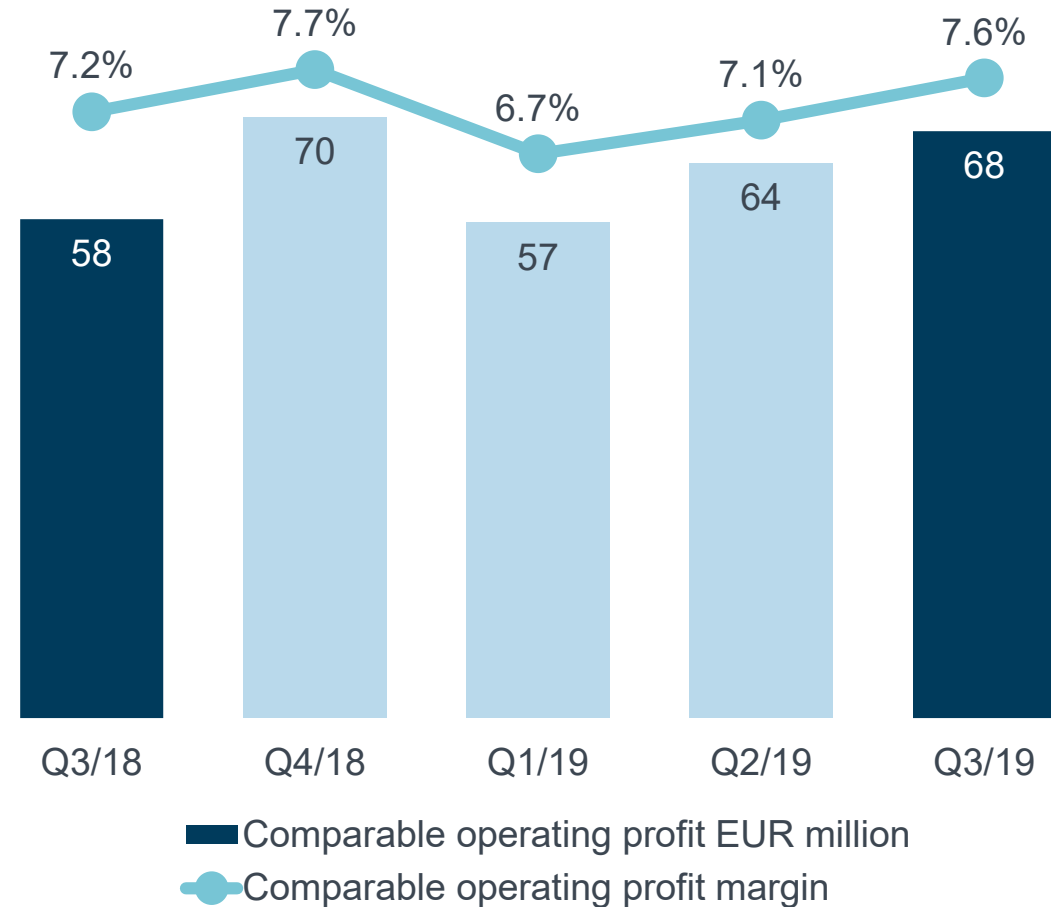


Highlights of Q3 2019 – strong improvement in operating profit

Comparable operating profit up by 18% compared to Q3/18

- Kalmar's comparable operating profit increased by 24% compared to Q3/18
- Hiab's comparable operating profit up by 41%
- MacGregor's comparable operating profit was MEUR -5.8 million

TTS result has been consolidated into MacGregor's financial figures as of 1 August 2019



TTS acquisition completed

Strategic rationale

Service growth potential

Strengthening MacGregor's position also in China

Based on revised estimates, potential cost synergies are estimated to be around EUR 25-30 million on annual level

Overview of the acquired business

Employs ca. 600 people

Services 26% of revenues

Estimated 2019 sales EUR 50 million, comparable operating profit at break-even

Closing balance sheet expected to be completed during Q4

Restructuring costs ca. EUR 40 million in 2019

Acquisition

Acquired businesses represent around 90% of total sales of the TTS Group

Announced enterprise value EUR 87 million

Acquisition was completed on 31 July 2019

TTS results have been consolidated into MacGregor's financial figures as of 1 August 2019

Market environment 1-9/2019

Growth in number of containers handled at ports continued

- Customers are starting automation projects mainly with phased investments

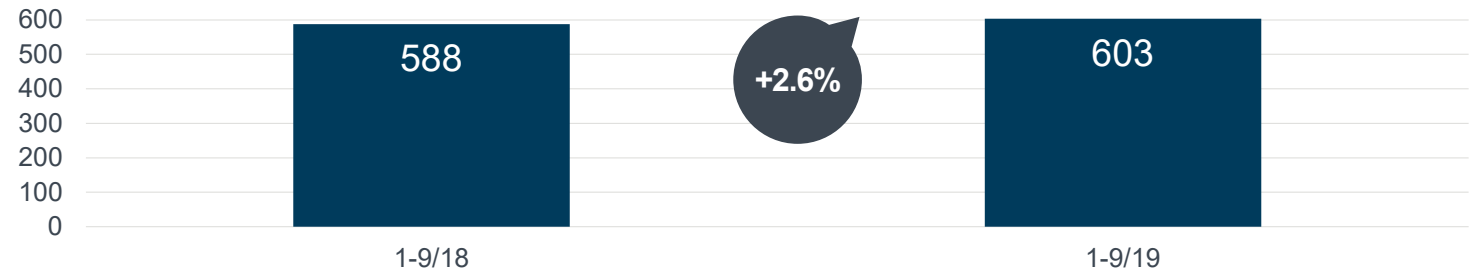
Construction activity increased in Europe and grew slightly in the US

In the merchant sector, the orders received remained at a low level

- In offshore, activity remained on a low level. Sales declined slightly

Global container throughput (MTEU) – Key driver for Kalmar

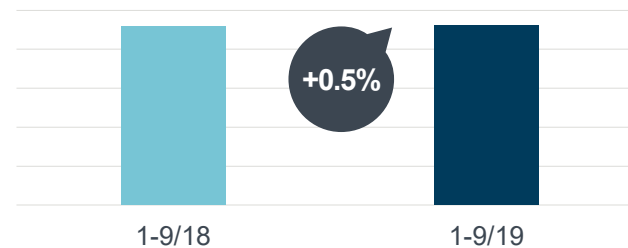
Source: Drewry



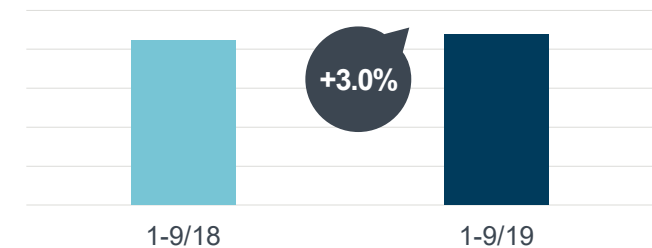
Construction output – Key driver for Hiab

Source: Oxford Economics

United States



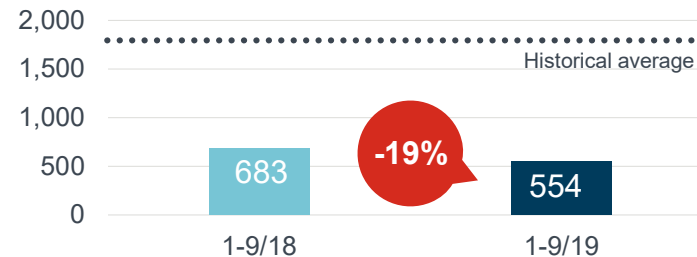
Europe



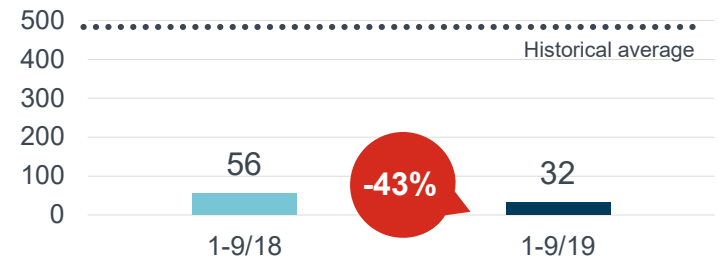
Long term contracting – Key driver for MacGregor

Source: Clarkson Research (number of ships and offshore units) Indicative historical average

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



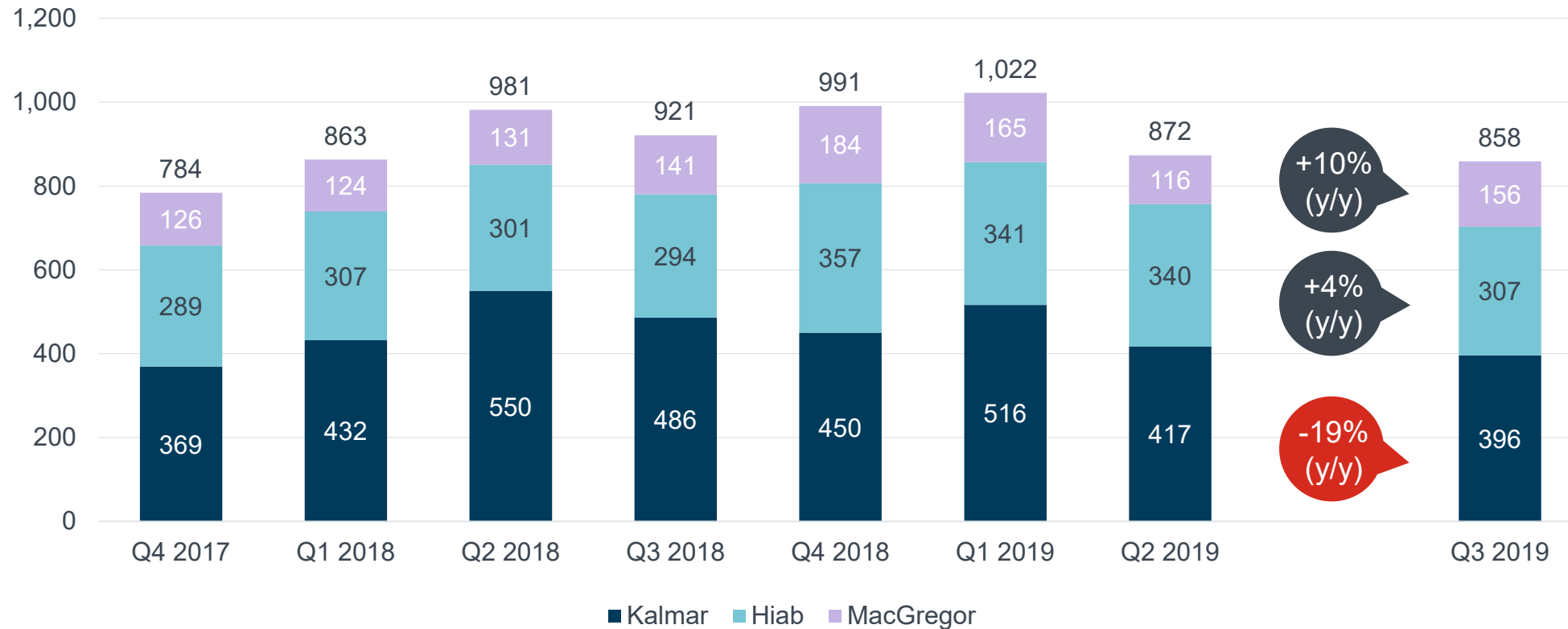
Offshore mobile units



Orders received declined from the comparison period

Orders received

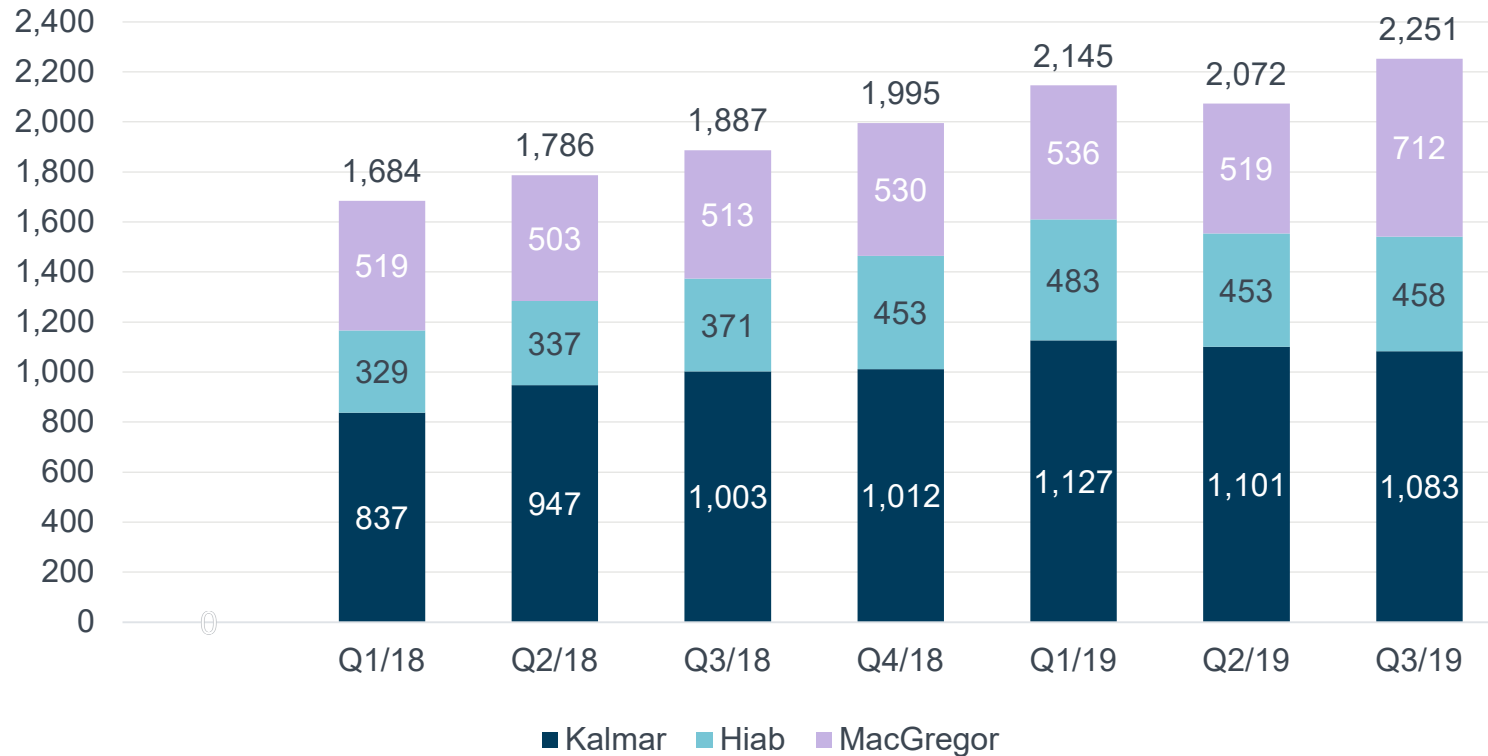
MEUR



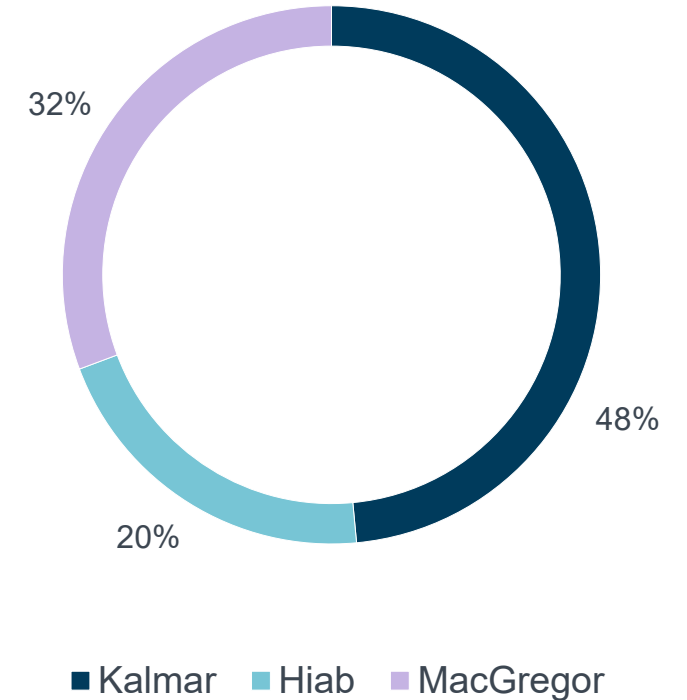
Order book increased

Order book

MEUR



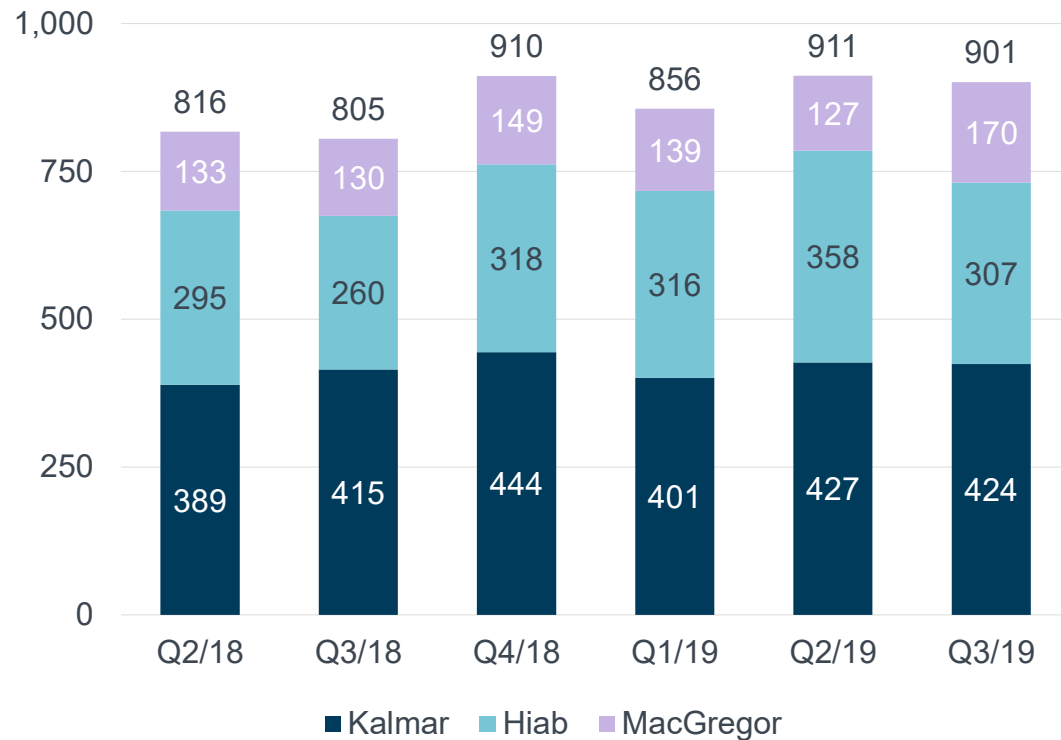
Order book by reporting segment, Q3 2019



Sales increased, comparable operating profit up by 18%

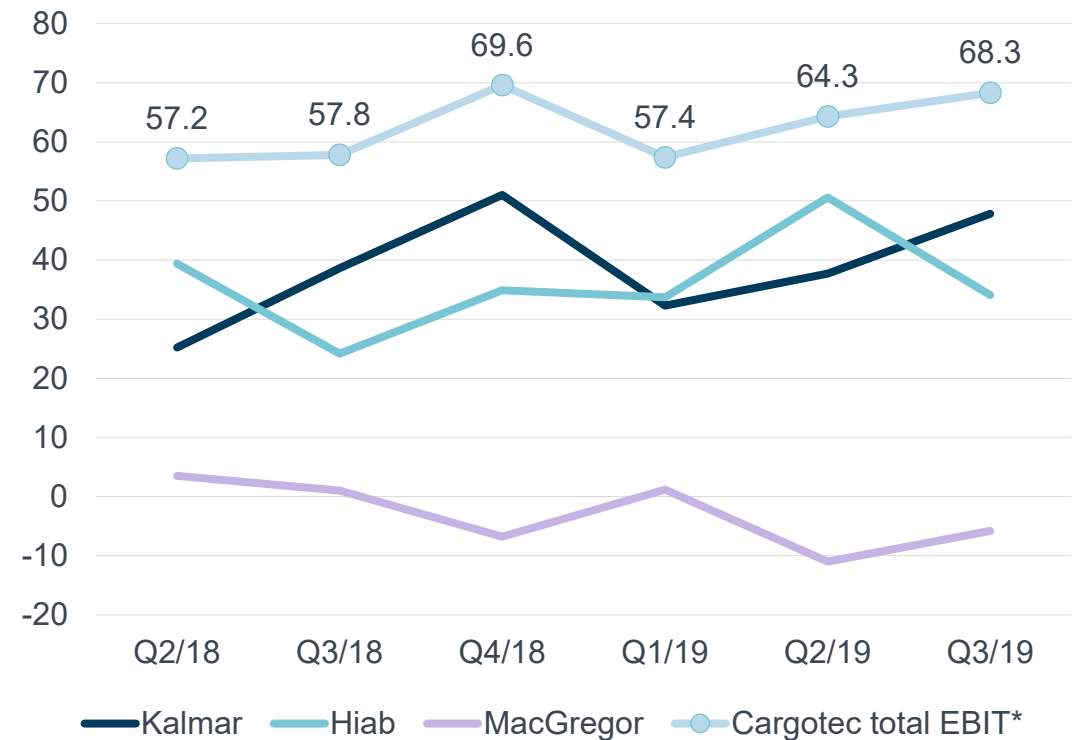
Sales

MEUR



Comparable operating profit

MEUR

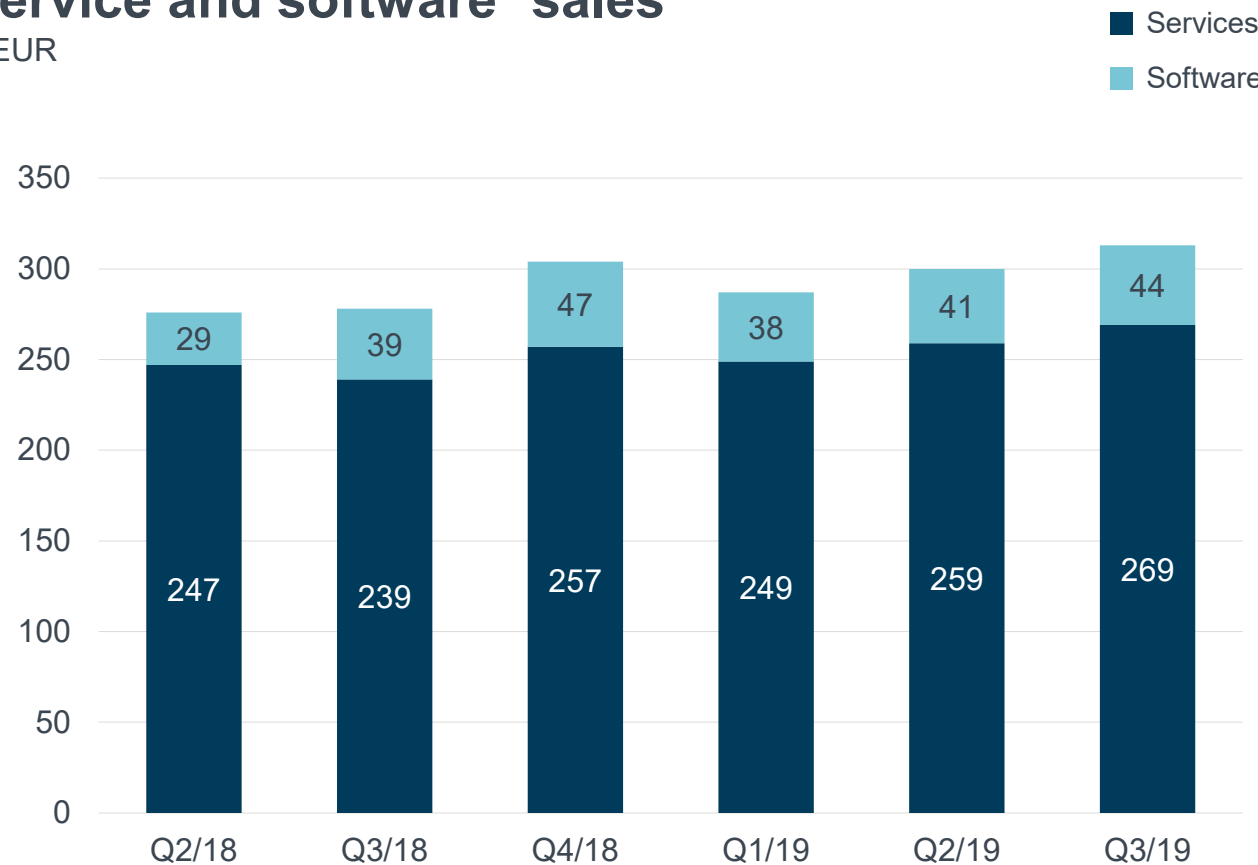


*) Including Corporate admin and support

Service and software sales increased

Service and software* sales

MEUR



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

Q3 2019 service sales

- Kalmar +4%
 - +3% in comparable FX and adjusted for divestments
- Hiab +14%
- MacGregor +27%
- Total service sales +7% in comparable FX and adjusted for acquisitions and divestments

Software sales +11%

Service and software sales constituted 34% of total sales in 1-9/19



Business areas

Cargotec's January-September 2019 interim report

Kalmar Q3 – comparable operating profit increased

Orders received decreased

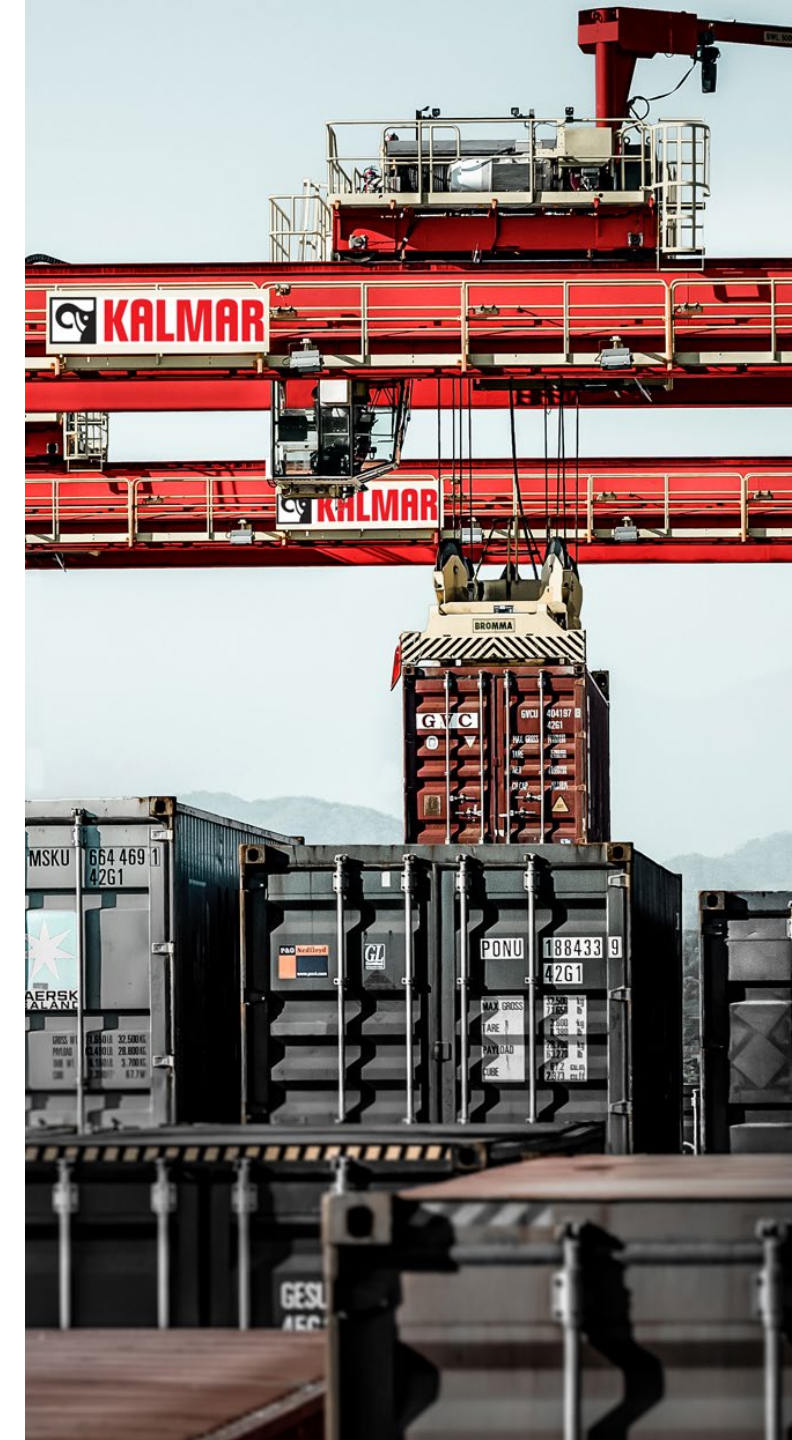
- Decline in automation solutions, projects and in mobile equipment

Sales increased

- Services growth +3% in comparable FX and adjusted for divestments

Profitability improvement driven by growth in sales and by a favourable mix

MEUR	Q3/19	Q3/18	Change
Orders received	396	486	-19%
Order book	1,083	1,003	+8%
Sales	424	415	+2%
Comparable operating profit	47.8	38.6	+24%
Comparable operating profit margin	11.3%	9.3%	+196bps



Hiab Q3 – solid orders continued

Orders received grew by 4%

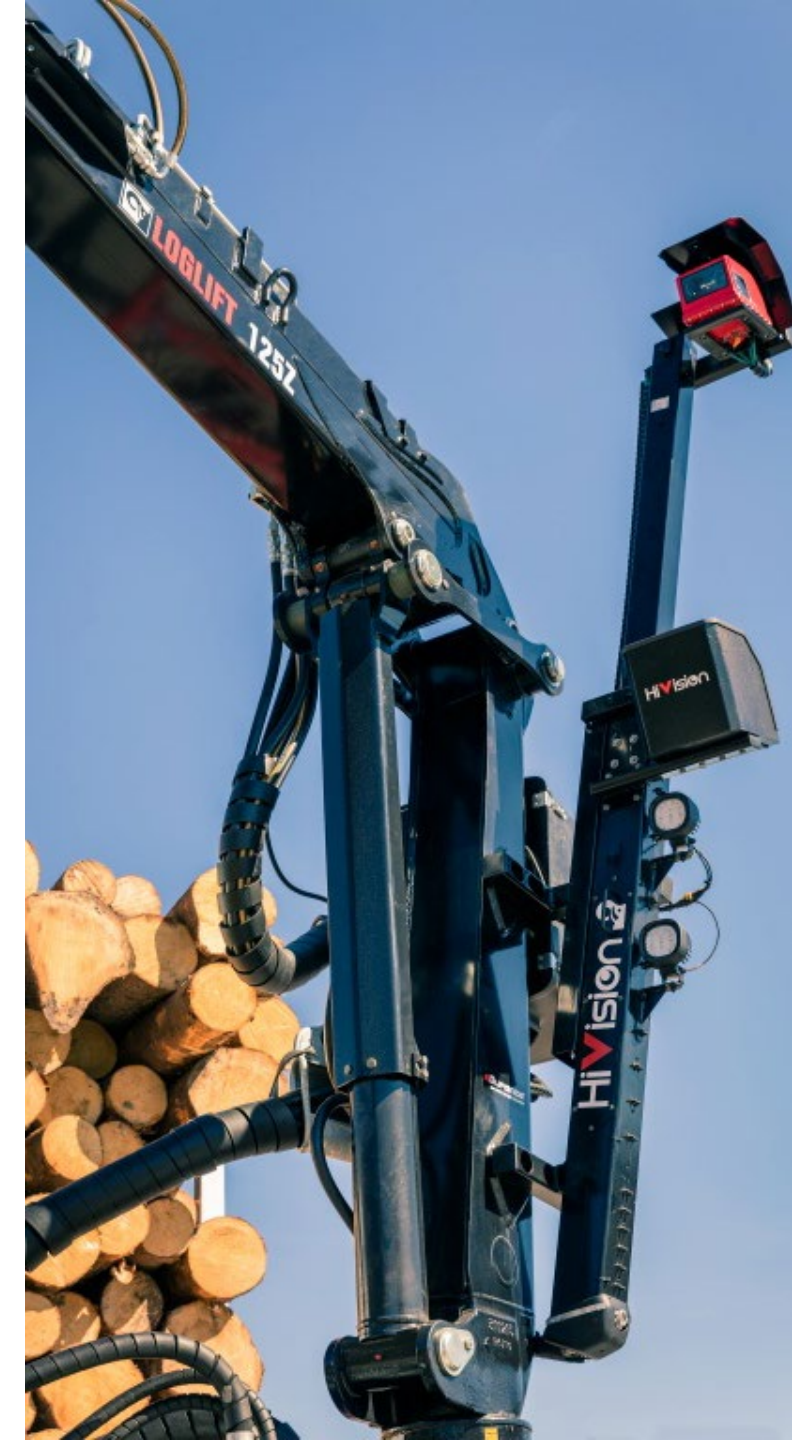
- Growth in the Americas (+27%), decline in EMEA (-7%)

Sales +18%

- Sales +12% excl. Effer acquisition
- Service sales +14%

Comparable operating profit increased due to growth in sales

MEUR	Q3/19	Q3/18	Change
Orders received	307	294	+4%
Order book	458	371	+23%
Sales	307	260	+18%
Comparable operating profit	34.1	24.2	+41%
Comparable operating profit margin	11.1%	9.3%	+179bps



MacGregor Q3 – further productivity actions required

Orders received increased by 10%

- Decline in equipment orders, service orders +30%

Sales increased by 31%

- Sales growth excl. TTS 17%
- Service sales +27%, +9% excl. TTS

Comparable operating profit declined

- Low capacity utilisation, lower sales margins, and cost overruns in certain offshore projects
- Productivity improvements are ongoing
- TTS consolidated since 1 August 2019

MEUR	Q3/19	Q3/18	Change
Orders received	156	141	+10%
Order book	712	513	+39%
Sales	170	130	31%
Comparable operating profit	-5.8	1.0	< -100%
Comparable operating profit margin	-3.4%	0.8%	-417bps



Financials and outlook

Cargotec's January-September 2019
interim report



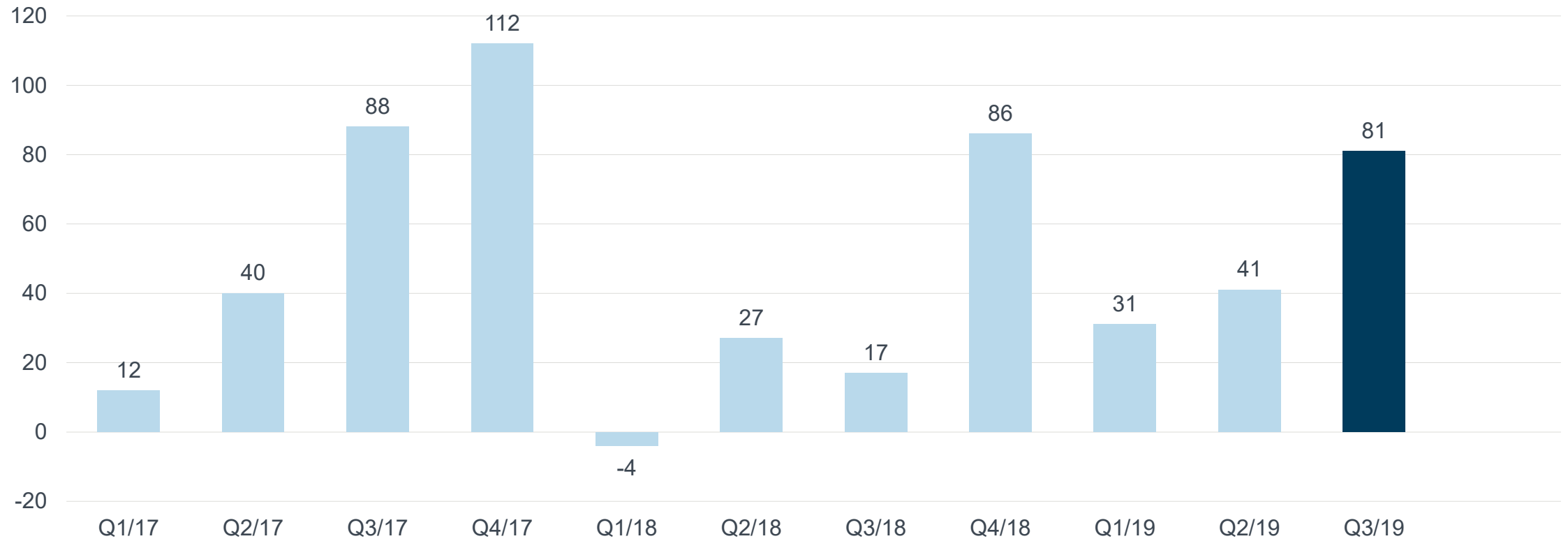
Key figures – profitability improved

	7-9/19	7-9/18	Change	1-9/19	1-9/18	Change
Orders received, MEUR	858	921	-7%	2,752	2,766	0%
Order book, MEUR	2,251	1,887	+19%	2,251	1,887	+19%
Sales, MEUR	901	805	+12%	2,669	2,394	+11%
Comparable operating profit, MEUR	68.3	57.8	+18%	190.0	172.5	+10%
Comparable operating profit, %	7.6%	7.2%		7.1%	7.2%	
Items affecting comparability, MEUR	-10.5	-3.3	< -100%	-28.1	-43.4	+35%
Operating profit, MEUR	57.9	54.5	6%	162.0	129.1	+26%
Operating profit, %	6.4%	6.8%		6.1%	5.4%	
Net income, MEUR	29.7	37.9	-22%	89.7	73.9	+21%
Earnings per share, EUR	0.46	0.58	-21%	1.39	1.13	+23%
Earnings per share, EUR*	0.56	0.63	-11%	1.68	1.71	-2%

Cash flow from operations improved

Cash flow from operations before financing items and taxes

MEUR



Strong financial position

Two bonds issued in Q3 in the aggregate amount of EUR 250 million

Interest-bearing net debt EUR 927 million (31 Dec 2018: 625)

- Average interest rate* 1.8% (2.4%)
- Net debt/EBITDA 2.8 (2.3)

Net debt and gearing increased mainly due to IFRS 16

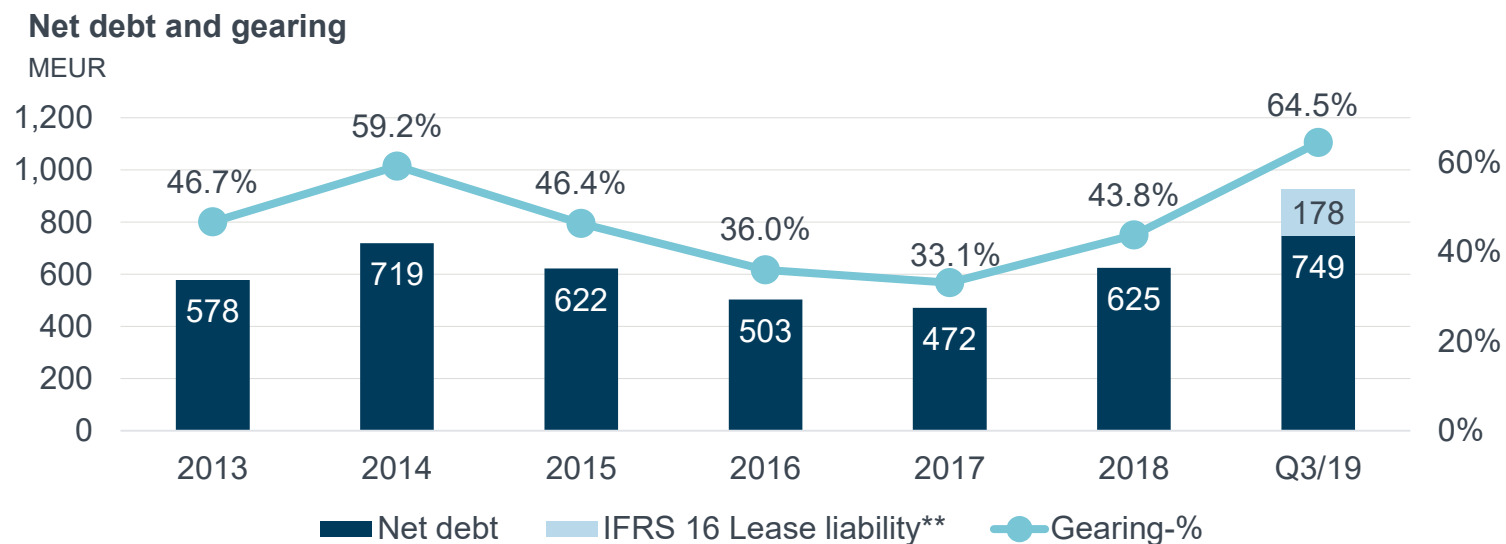
- Gearing without IFRS 16 approximately 52%

Total shareholders' equity EUR 1,434 million (1,426)

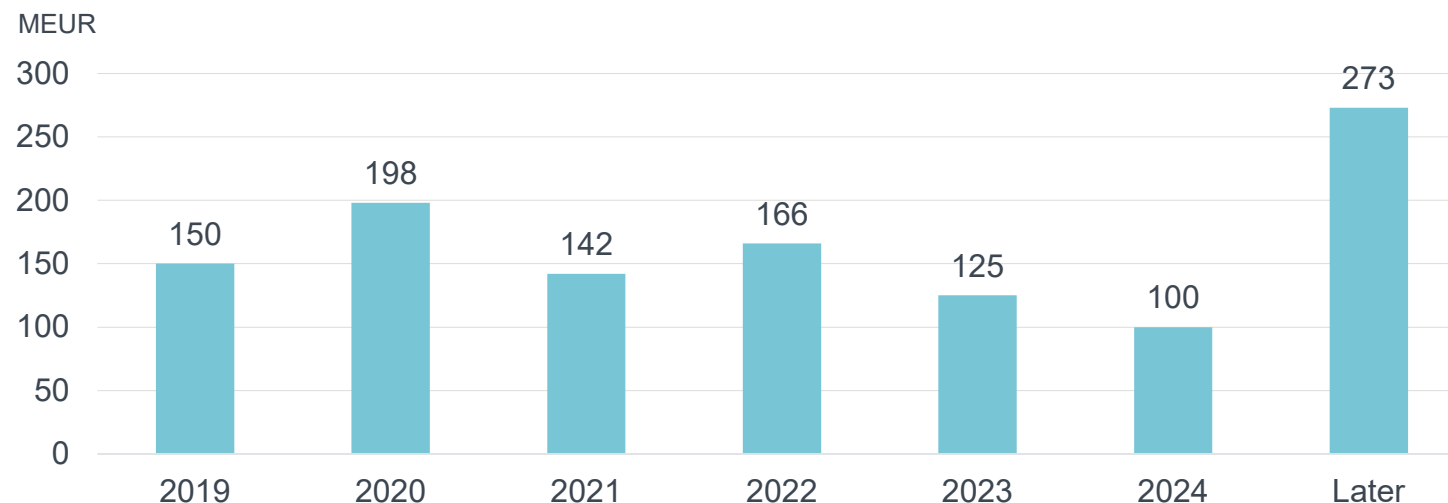
- Equity/total assets 36.0% (40.9%)

Balanced maturity profile

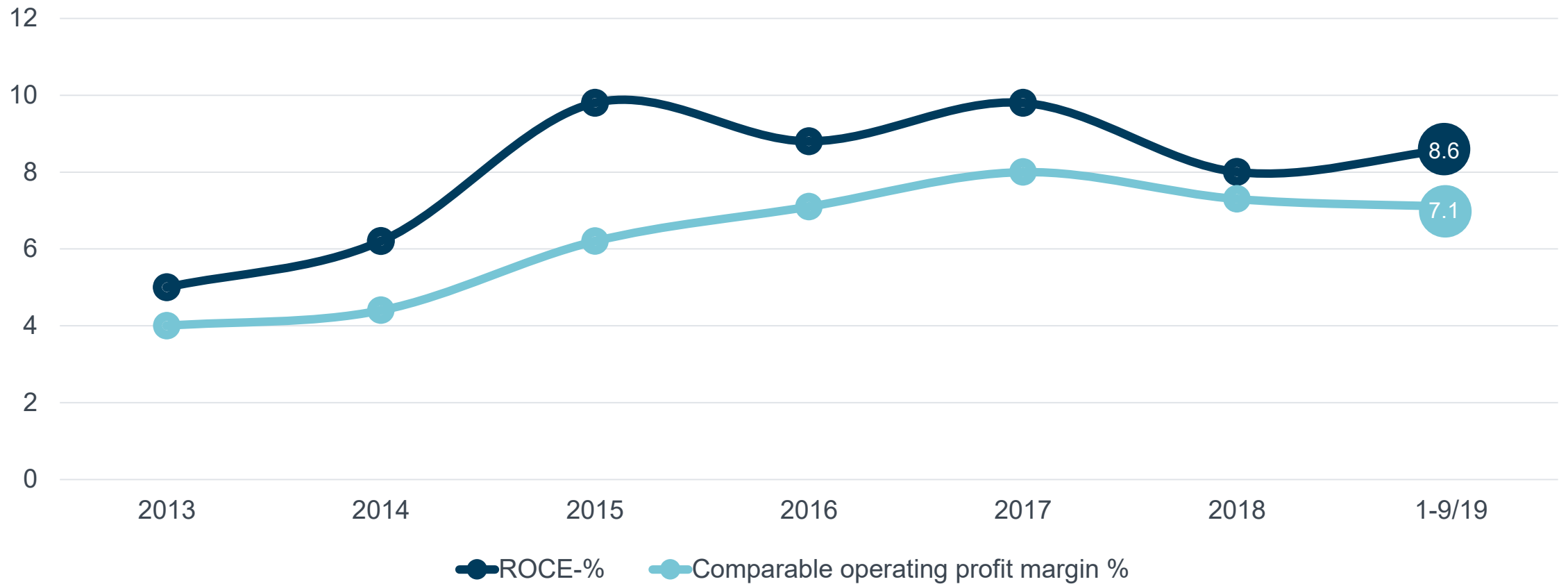
- EUR 150 million loans maturing in 2019



Maturity profile



ROCE improvement driven by higher profitability



ROCE (return on capital employed), last 12 months



Outlook for 2019

Cargotec reiterates its outlook published on 8 February 2019 and expects its comparable operating profit for 2019 to improve from 2018 (EUR 242.1 million).

