

26 October 2018

# Orders received grew in all business areas

Cargotec's January–September 2018 interim report  
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# Highlights of Q3 2018 – Orders received grew in all business areas

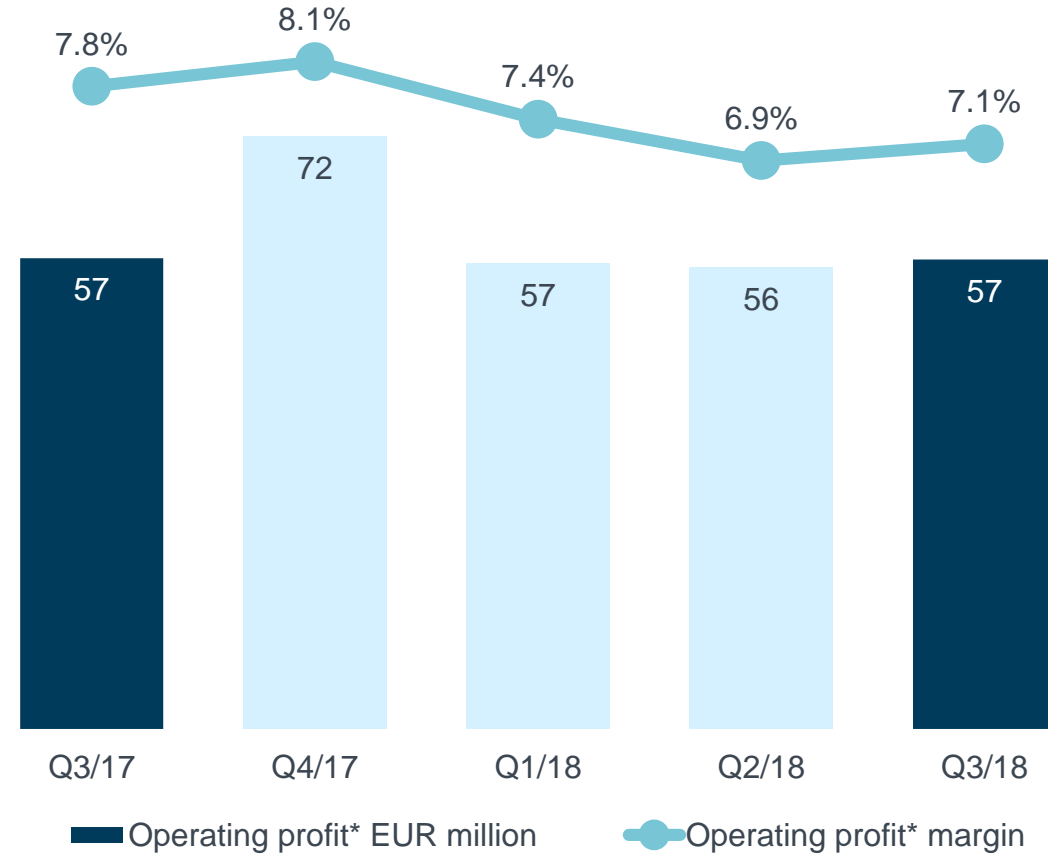
23% growth in orders received

- 38% increase in Kalmar, 13% in Hiab

Sales increased 9%

- Growth in all business areas
- Service sales increased 3%
- EMEA +22%, AMER +3%, APAC -5%

Operating profit\* at last year's level



\*) Excluding restructuring costs

# Market environment 2018

## Growth in number of containers handled at ports continued

- Customers' decision making related to automation solutions is slow and starting mainly with phased investments

## Construction activity on good level

- Good development continued in Europe and the US

## Market improved in merchant sector, but orders remained below historical levels

- In offshore, interest level has increased, but activity remains on a low level

### Global container throughput (MTEU) – Key driver for Kalmar

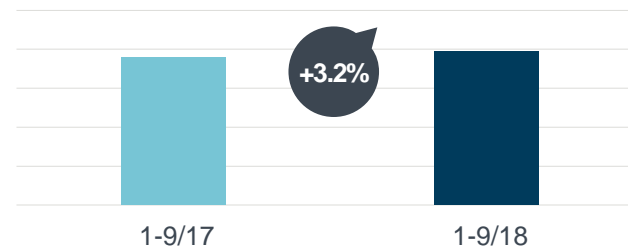
Source: Drewry



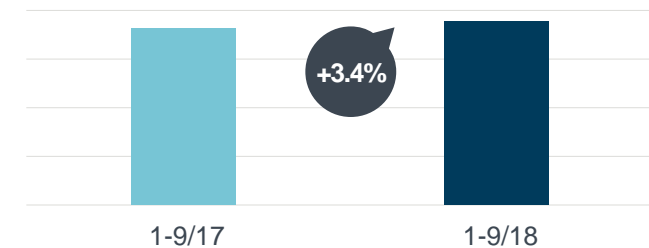
### Construction output – Key driver for Hiab

Source: Oxford Economics

#### United States



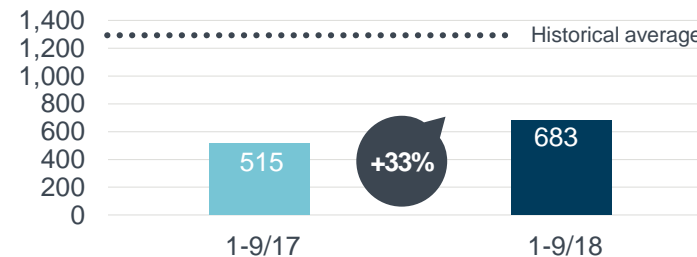
#### Europe



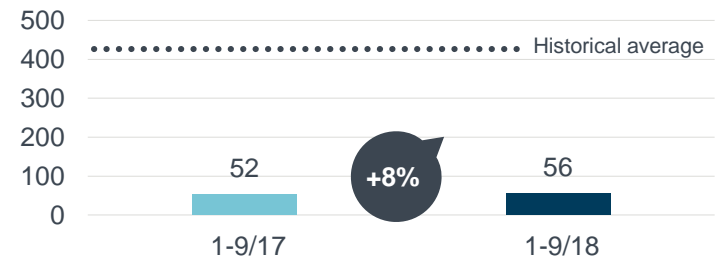
### Long term contracting – Key driver for MacGregor

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

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



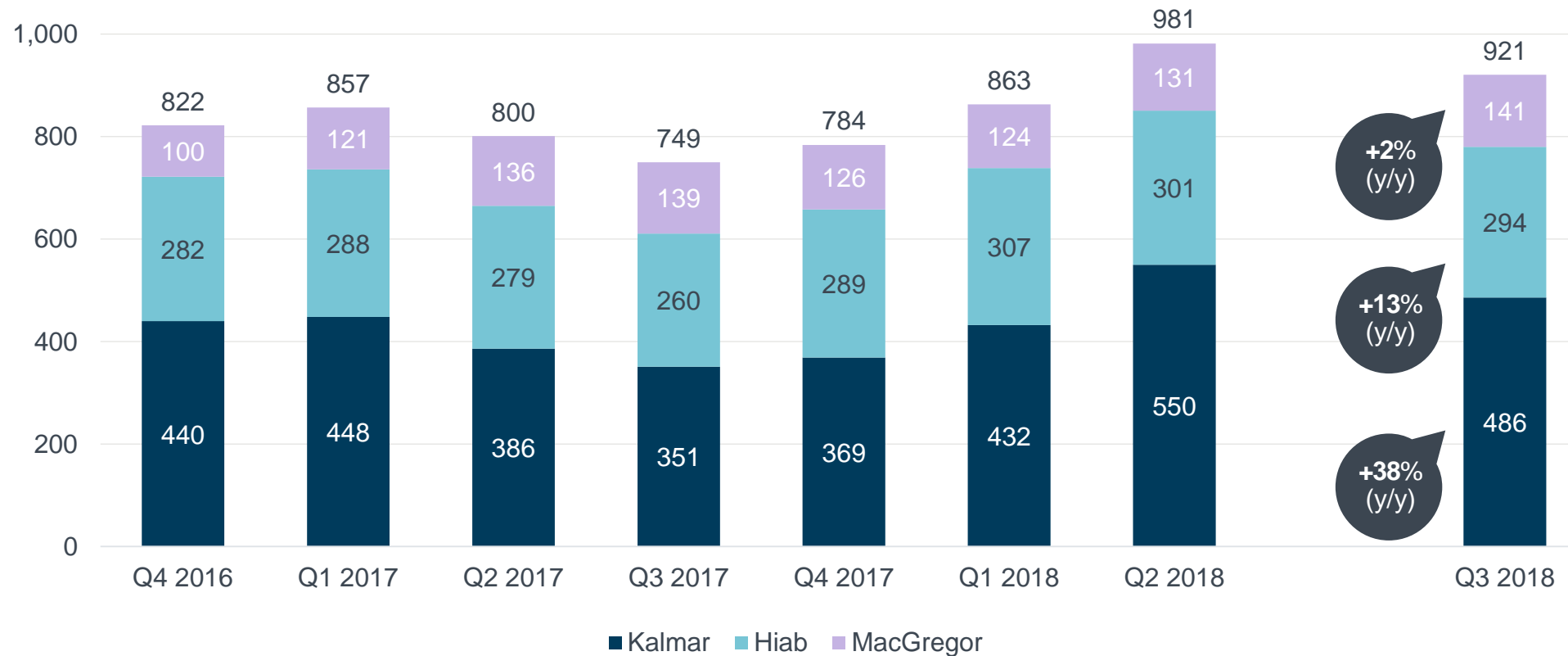
#### Mobile offshore units



# Orders received increased 23%

## Orders received

MEUR



+2%  
(y/y)

+13%  
(y/y)

+38%  
(y/y)

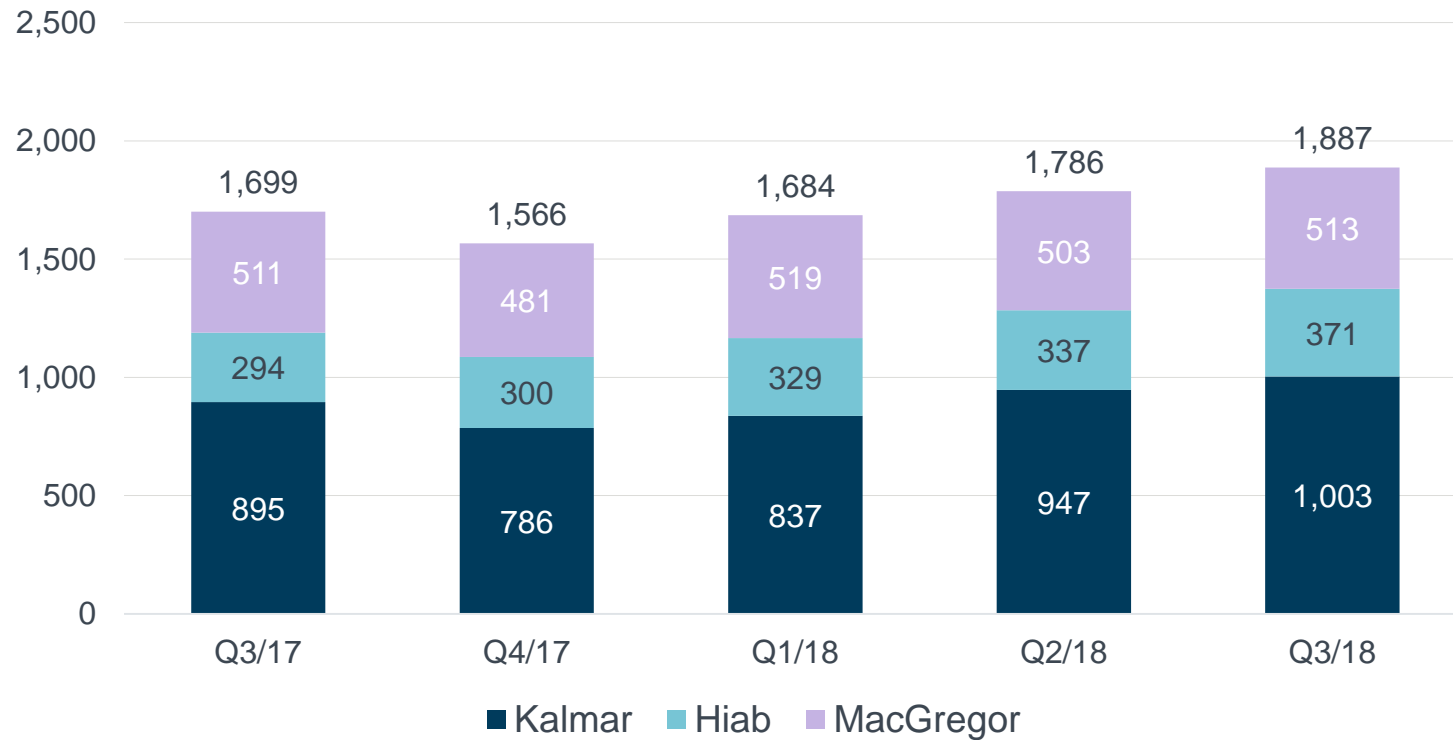
**Changes y/y in comparable FX rates**

- MacGregor +4%
- Hiab +14%
- Kalmar +41%
- Total +25%

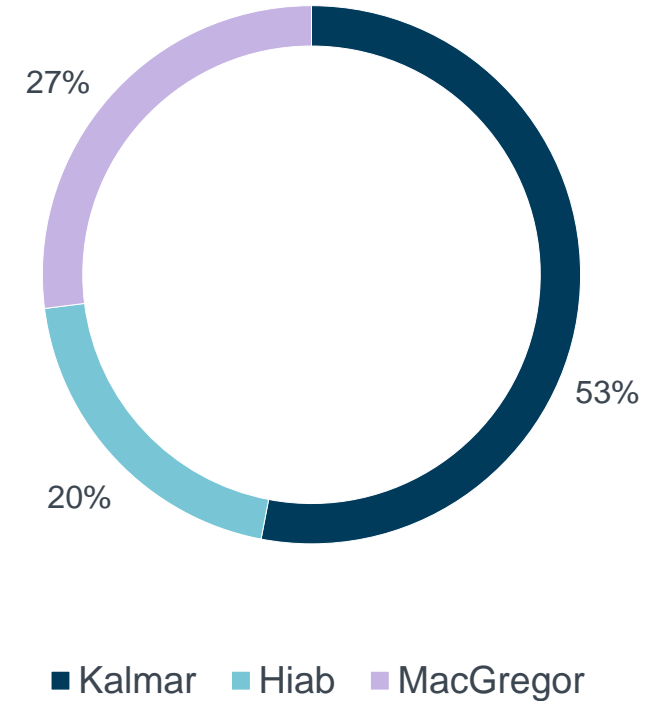
# Order book improving

## Order book

MEUR



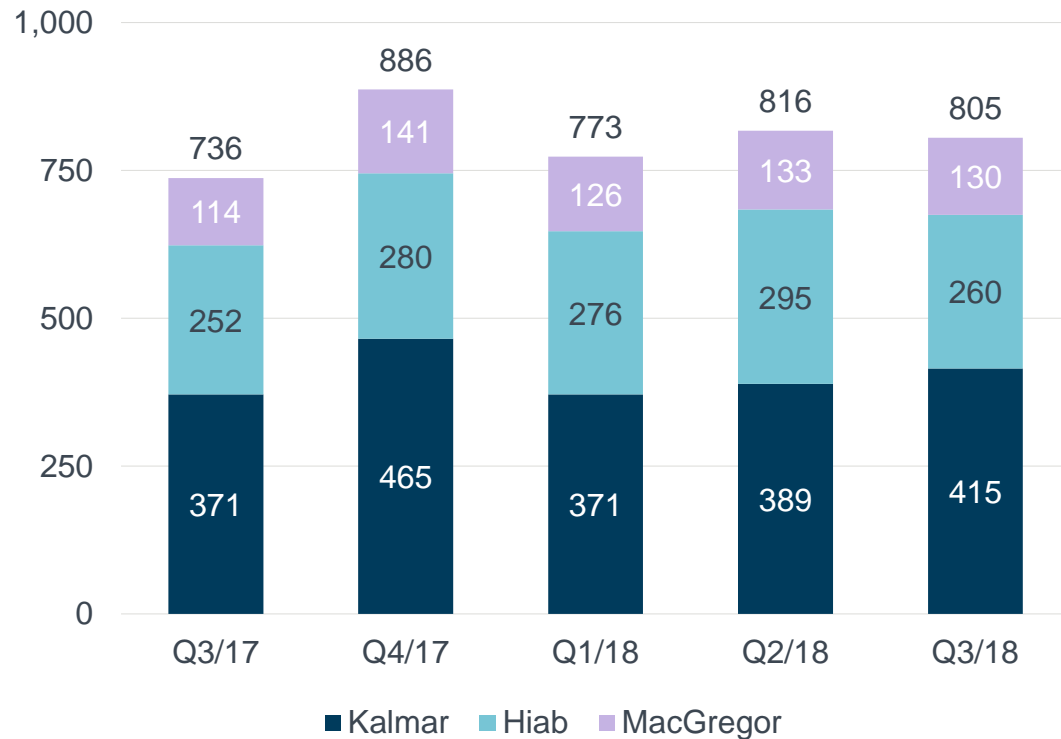
## Order book by reporting segment, Q3 2018



# Sales increased 9%, operating profit\* at last year's level

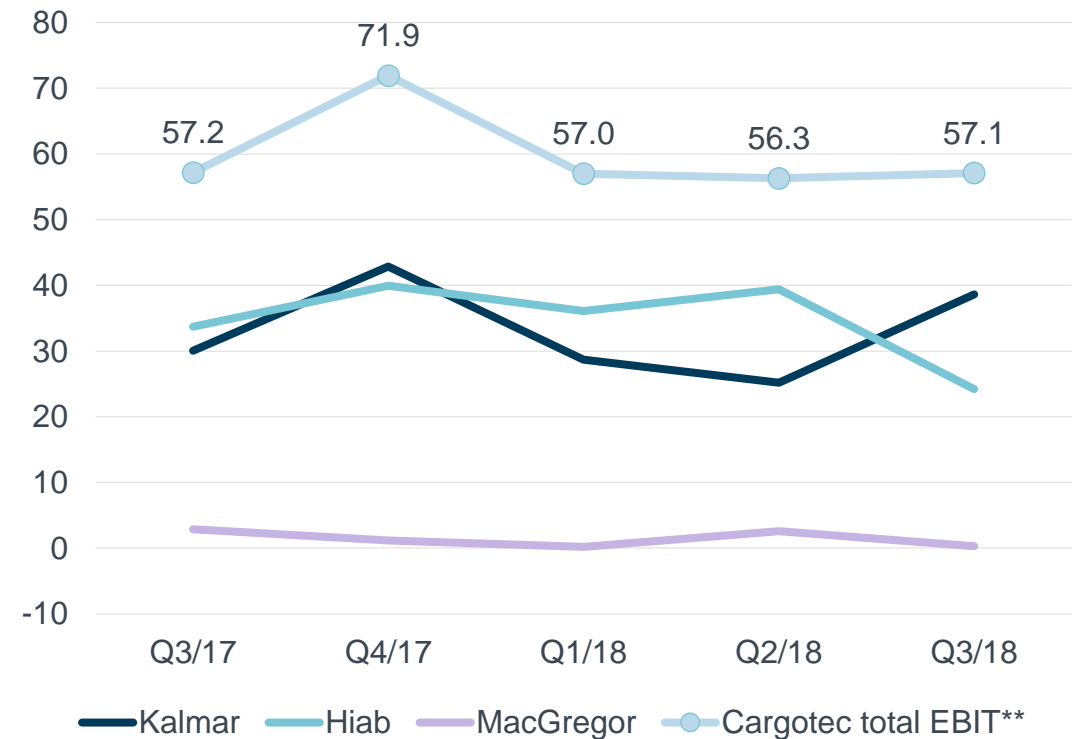
## Sales

MEUR



## Operating profit\*

MEUR

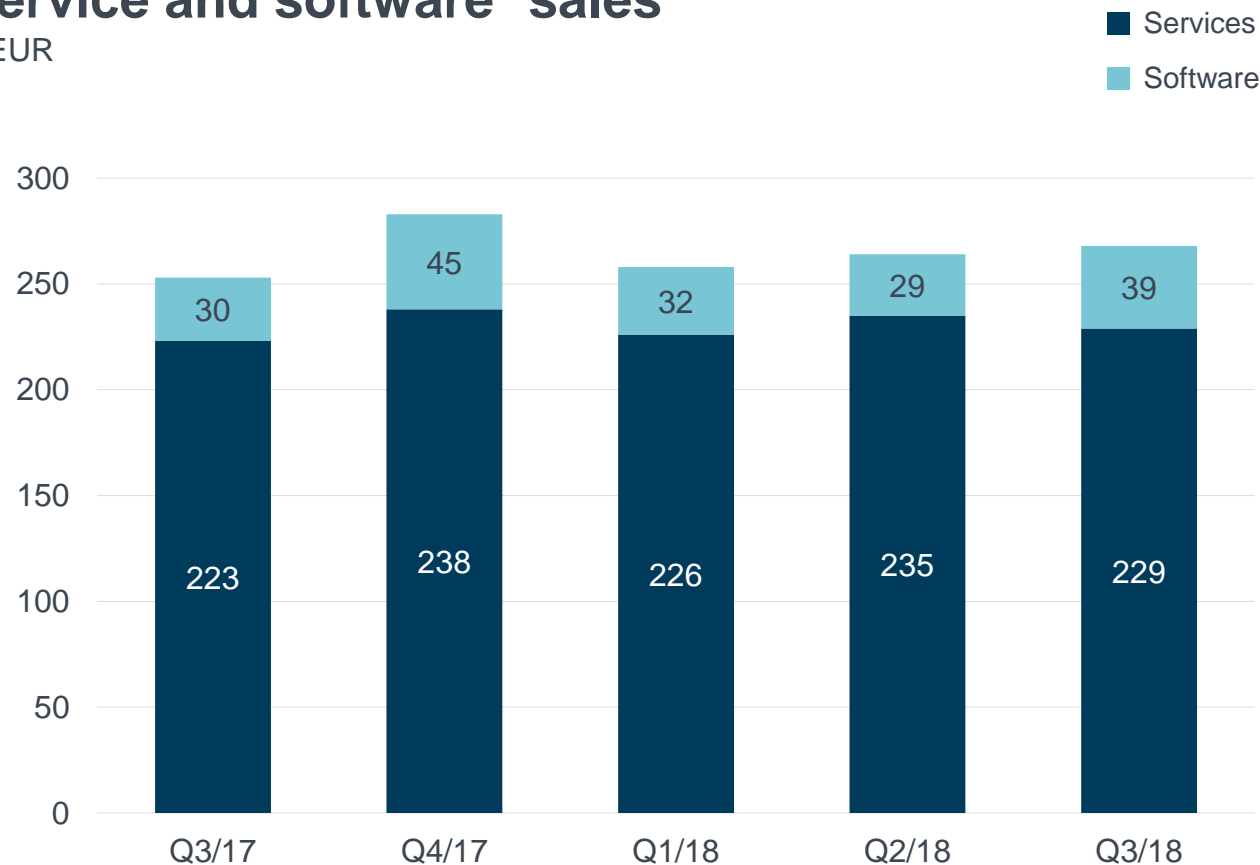


\*) Excluding restructuring costs, \*\*) Including Corporate admin and support

# Growth in services continued

## Service and software\* sales

MEUR



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

## Service sales grew 3%

- Kalmar +0% (+2% in comparable FX)
  - +9% in comparable FX and adjusted for divestments and acquisitions
- Hiab +6% (+7%)
- MacGregor +5% (+7%)
- Total service sales +4% in comparable FX

## Software sales increased 33%

Service and software sales constitute 33% of total sales



# Our strategy was refined in Q3 2018 – Customer centricity and productivity as new elements

<b>VISION</b>	<b>GLOBAL LEADER IN INTELLIGENT CARGO HANDLING</b>	
<b>MUST-WIN BATTLES</b>	<b>WIN THROUGH CUSTOMER CENTRICITY</b>  We help our customers achieve their goals by aligning our offering and way of working to serve them better.	<b>ACCELERATE DIGITALISATION</b>  We build and expand our digital solutions to offer a great customer experience and more efficient business processes.
	<b>ADVANCE IN SERVICES</b>  We extend our offering towards intelligent solutions that enable us to serve our customers wide across their lifecycle.	<b>PRODUCTIVITY FOR GROWTH</b>  We focus on activities that add value and benefit our customers and us by developing our business operations and common platforms.



# Business areas

Cargotec's January–September interim report 2018

# Kalmar Q3 – Good development in all key figures

Orders received continued to increase

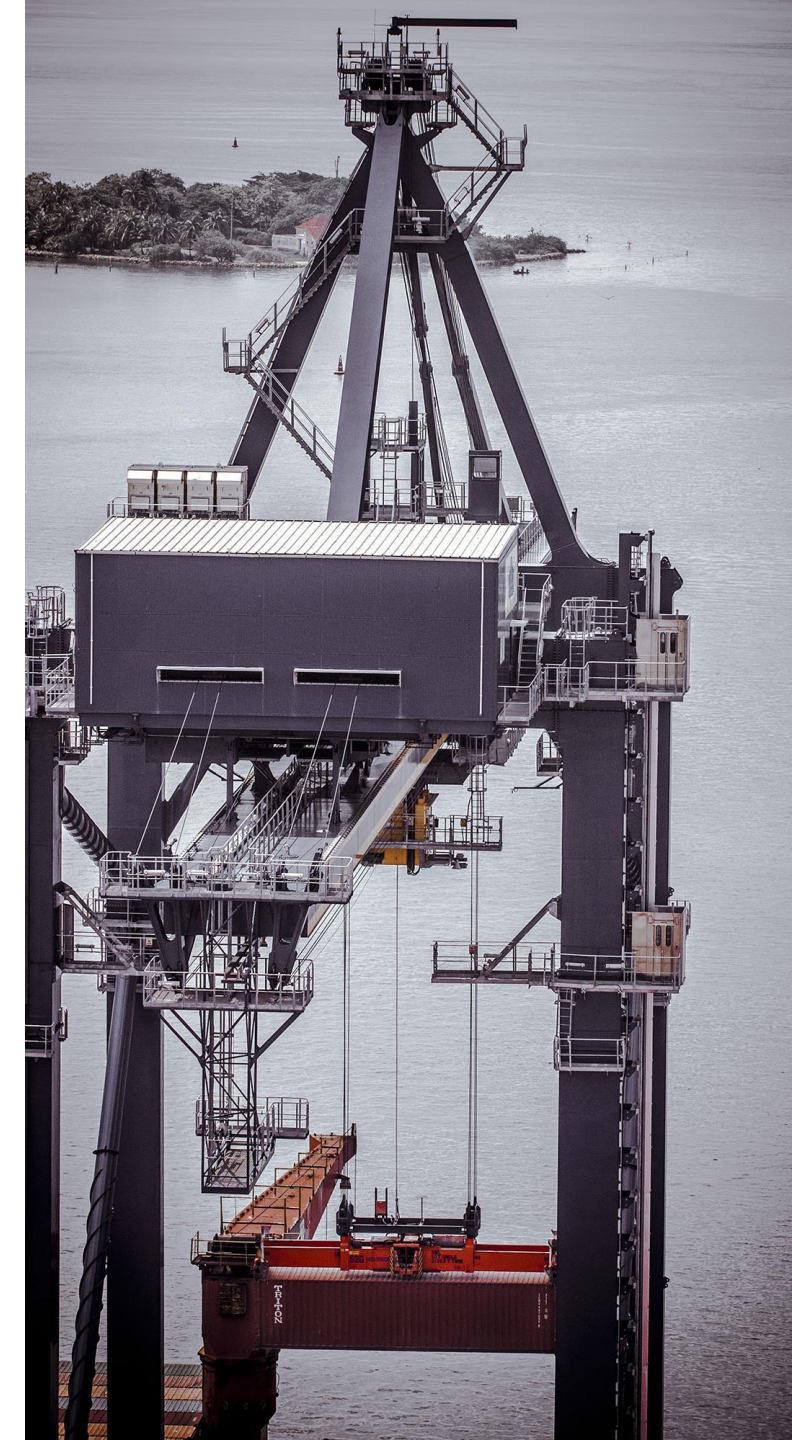
- Growth in automation and projects, mobile equipment and services

Sales increased 12%

- Growth in all main geographical regions
- Services growth +9% in comparable FX and adjusted for divestments and acquisitions

Operating profit\* increased due to higher sales

MEUR	Q3/18	Q3/17	Change
Orders received	<b>486</b>	351	+38%
Order book	<b>1,003</b>	895	+12%
Sales	<b>415</b>	371	+12%
Operating profit*	<b>38.6</b>	30.0	+29%
Operating profit margin*	<b>9.3%</b>	8.1%	+123bps



# Hiab Q3 – Strong orders, operating profit declined

Strong development in orders received continued

- EMEA +15% and Americas +9%

Sales increased +3%

- Service sales +6% (+7% in constant FX)

Operating profit declined due to:

- Currency impact, mainly USD/EUR
- Product mix and supply chain challenges
- Investments in sales & and service network, competence and tools

Acquisition of Effer announced during the quarter

Scott Phillips appointed new President of Hiab as of 1 October 2018

MEUR	Q3/18	Q3/17	Change
Orders received	294	260	+13%
Order book	371	294	+27%
Sales	260	252	+3%
Operating profit*	24.2	33.7	-28%
Operating profit margin*	9.3%	13.4%	-408bps



# MacGregor Q3 – Orders received increased slightly

Orders received increased 2%

- Comparison period included a large single order of around EUR 25 million
- Service orders +8%

Sales increased 14%

- Service sales +5%

Operating profit\* decreased due to:

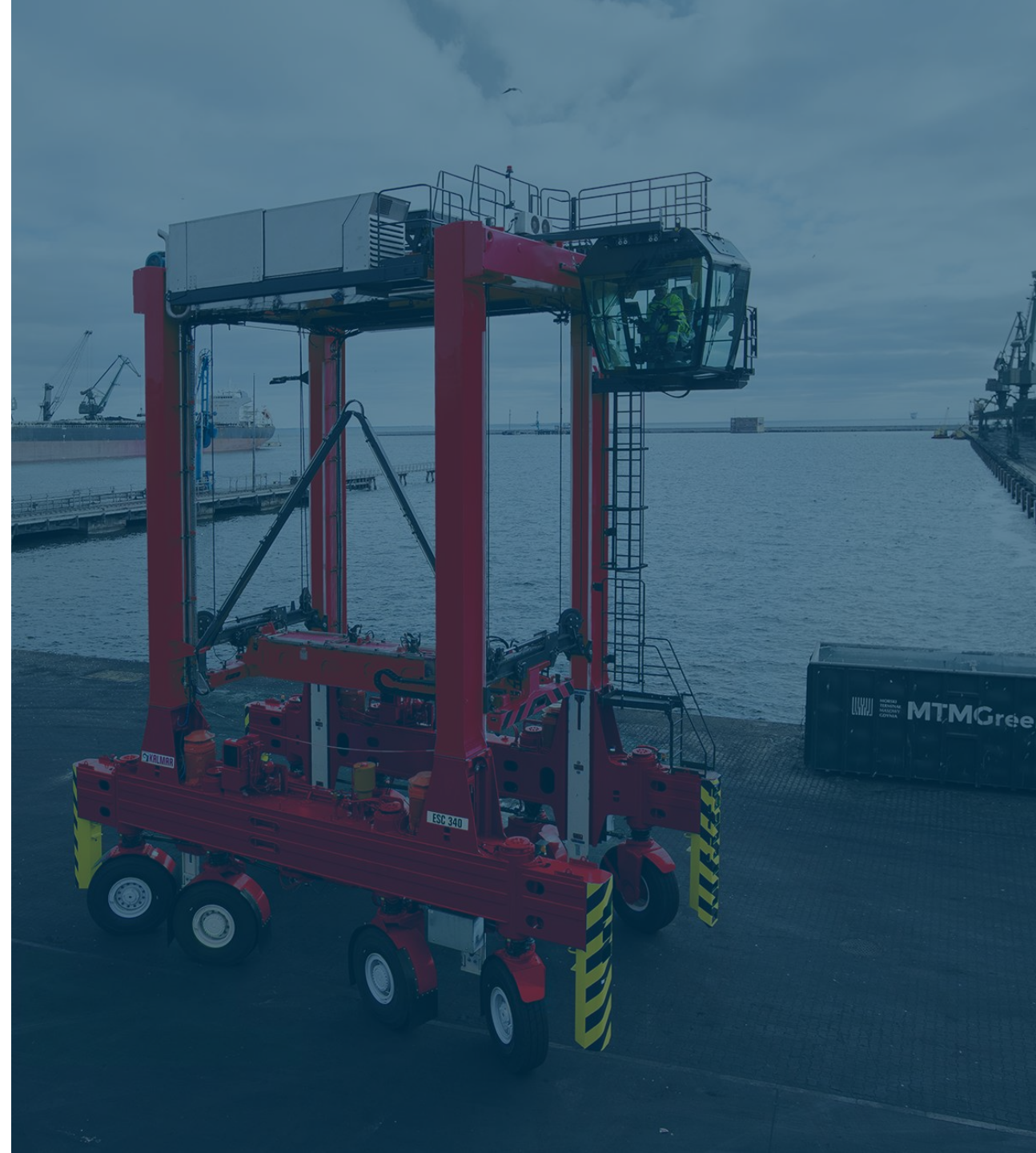
- M&A and integration related costs of around EUR 1.5 million
- Low capacity utilisation in certain product areas

MEUR	Q3/18	Q3/17	Change
Orders received	141	139	+2%
Order book	513	511	+0%
Sales	130	114	+14%
Operating profit*	0.3	2.9	-89%
Operating profit margin*	0.2%	2.5%	-231bps



# Previously announced cost savings programmes proceeding

- EUR 50 million annual group-wide savings from 2020 onwards
  - EUR 18 million cumulative savings at the end of Q3/18
- EUR 13 million in 2018 (MacGregor)
  - EUR 8 million savings in 1-9/18
- EUR 13 million in 2018 (Kalmar)
  - Relocation of assembly operation completed
  - EUR 5 million savings in 1-9/18
- Product redesign and project management improvement continues in 2018



# Financials and outlook

Cargotec's January–September  
interim report 2018



# Key figures – Orders received grew 23% in Q3 2018

	7–9/18	7–9/17**	Change	1–9/18	1–9/17**	Change
Orders received, MEUR	<b>921</b>	749	+23%	<b>2,766</b>	2,406	+15%
Order book, MEUR	<b>1,887</b>	1,699	+11%	<b>1,887</b>	1,699	+11%
Sales, MEUR	<b>805</b>	736	+9%	<b>2,394</b>	2,364	+1%
Operating profit*, MEUR	<b>57.1</b>	57.2	-0%	<b>170.4</b>	186.6	-9%
Operating profit*, %	<b>7.1%</b>	7.8%	-67bps	<b>7.1%</b>	7.9%	-78bps
Restructuring costs, MEUR	<b>2.6</b>	4.7	-44%	<b>41.3</b>	19.2	+115%
Operating profit, MEUR	<b>54.5</b>	52.5	+4%	<b>129.1</b>	167.4	-23%
Operating profit, %	<b>6.8%</b>	7.1%	-36bps	<b>5.4%</b>	7.1%	-169bps
Net income, MEUR	<b>37.9</b>	32.4	+17%	<b>73.9</b>	105.0	-30%
Earnings per share, EUR	<b>0.58</b>	0.50	+16%	<b>1.13</b>	1.63	-31%
Earnings per share, EUR***	<b>0.62</b>	0.55	+12%	<b>1.69</b>	1.85	-9%

\*) Excluding restructuring costs

\*\*\*) Year 2017 figures have been restated according to IFRS 15

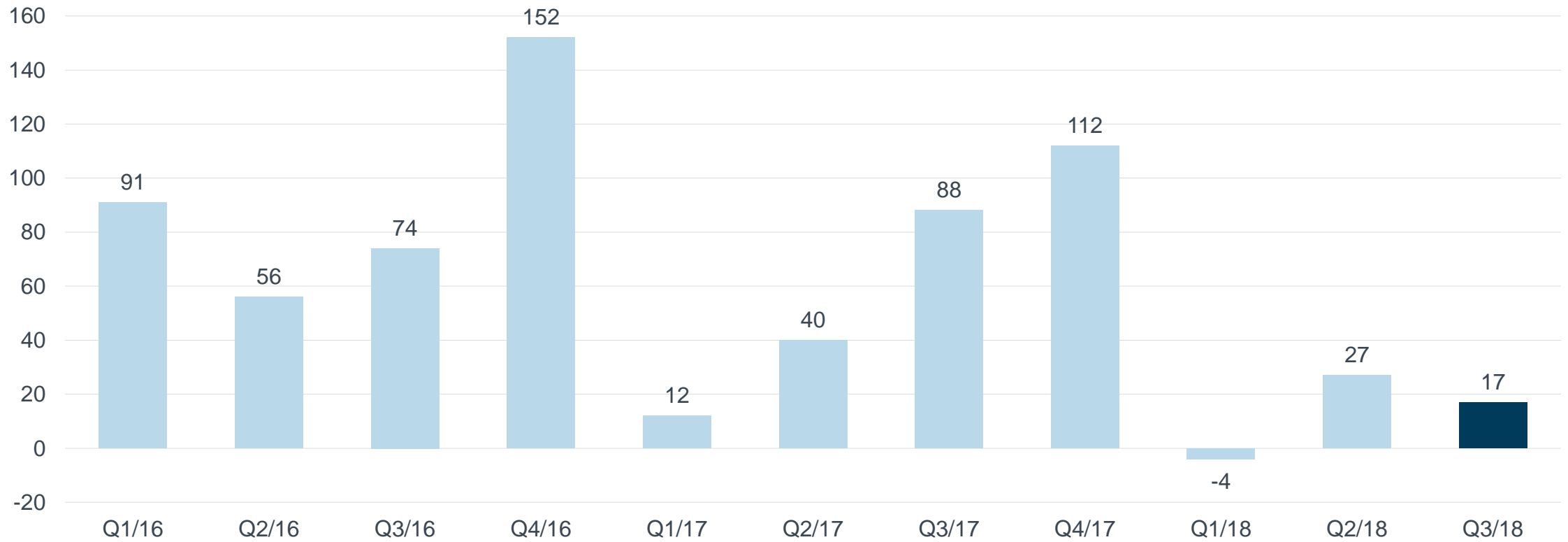
\*\*\*) Excluding restructuring costs adjusted with related tax effect



# Cash flow from operations weak due to supply chain challenges and lower advances received

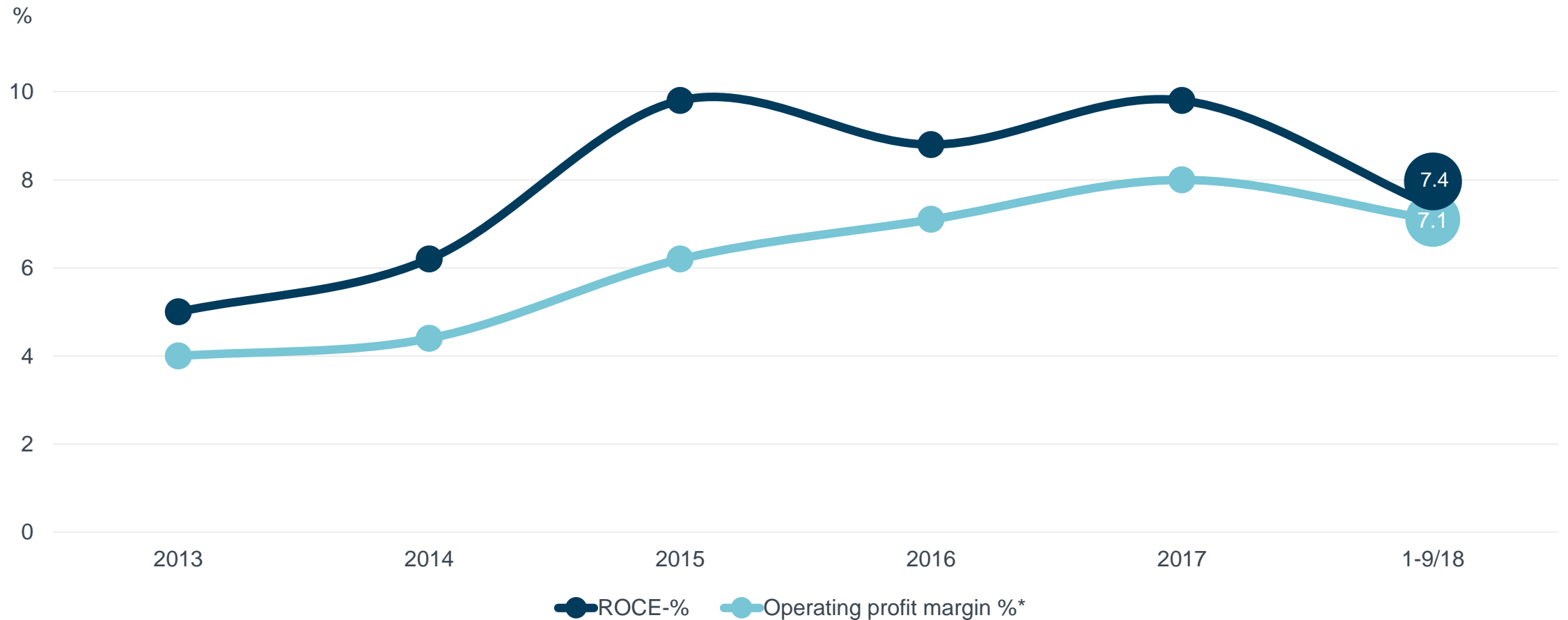
## Cash flow from operations

MEUR



# ROCE impacted by restructuring costs

ROCE excluding restructuring costs 10%



ROCE (return on capital employed), annualised \*) Excluding restructuring costs



## Outlook for 2018

Cargotec reiterates its outlook published on 8 February 2018 and expects its operating profit excluding restructuring costs for 2018 to improve from 2017 (EUR 258.6 million, IFRS 15 restated).

