



# CAPITAL MARKETS DAY 2022

15 November, 2022

Helsinki, Finland

[cargotec.com/cmd22](https://cargotec.com/cmd22)

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All the discussion topics presented during the session and in the attached material are still in the planning phase. The final impact on the personnel, for example on the duties of the existing employees, will be specified only after the legal requirements of each affected function/ country have been fulfilled in full, including possible informing and/or negotiation obligations in each function / country.

Cargotec Capital Markets Day

15 November 2022

# Step change in resilience and financial performance

Mikko Puolakka, CFO

# Focus on core businesses will take Cargotec profitability to next level

## CORE BUSINESS

- SALES **3.1b€**
- COMPARABLE OP **340M€** (10.8%)
- SERVICE SALES **919M€** (29%)
- ECO PORTFOLIO share of total sales **26%**

## NON-CORE BUSINESS\*

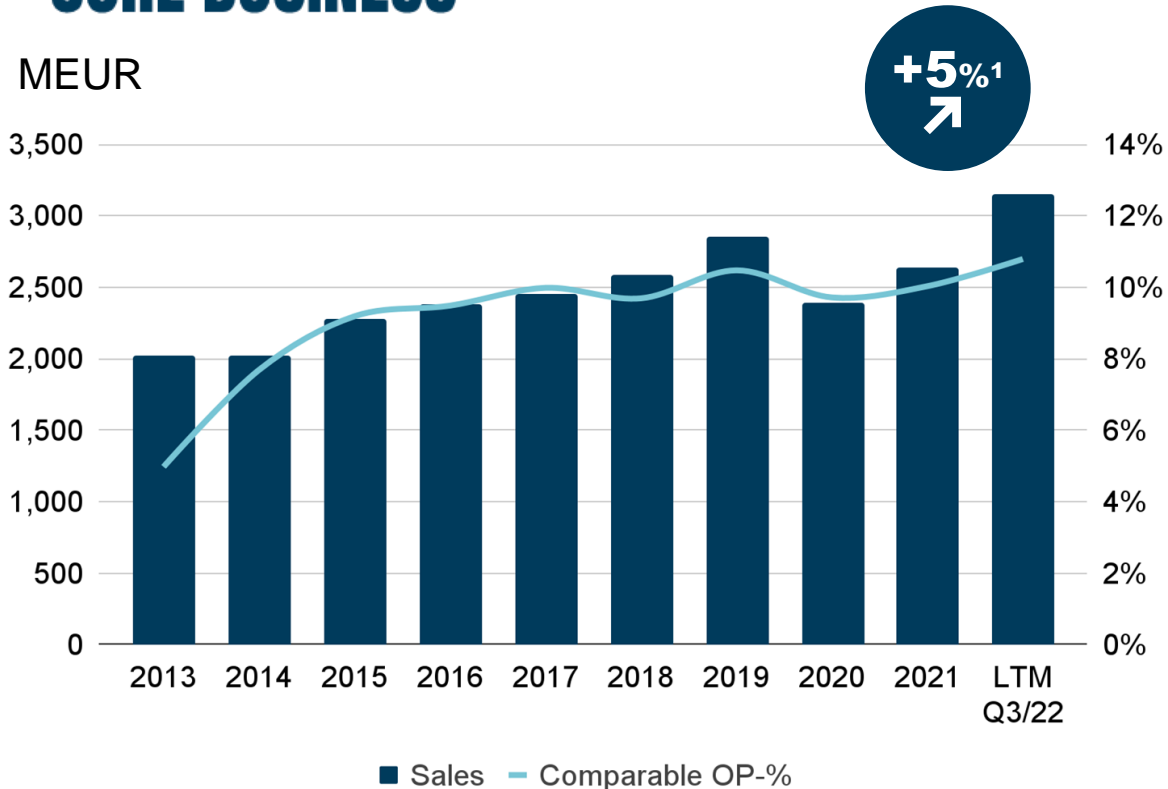
- SALES **0.6b€**
- COMPARABLE OP **-51M€** (-8.3%)
- SERVICE SALES **280M€** (46%)
- ECO PORTFOLIO share of total sales **8%**

## CARGOTEC TODAY

- SALES **3.7b€**
- COMPARABLE OP **289M€** (7.7%)
- SERVICE SALES **1,199M€** (32%)
- ECO PORTFOLIO share of total sales **23%**

# Core businesses are growing with stable profitability...

## CORE BUSINESS



## NON-CORE BUSINESS\*



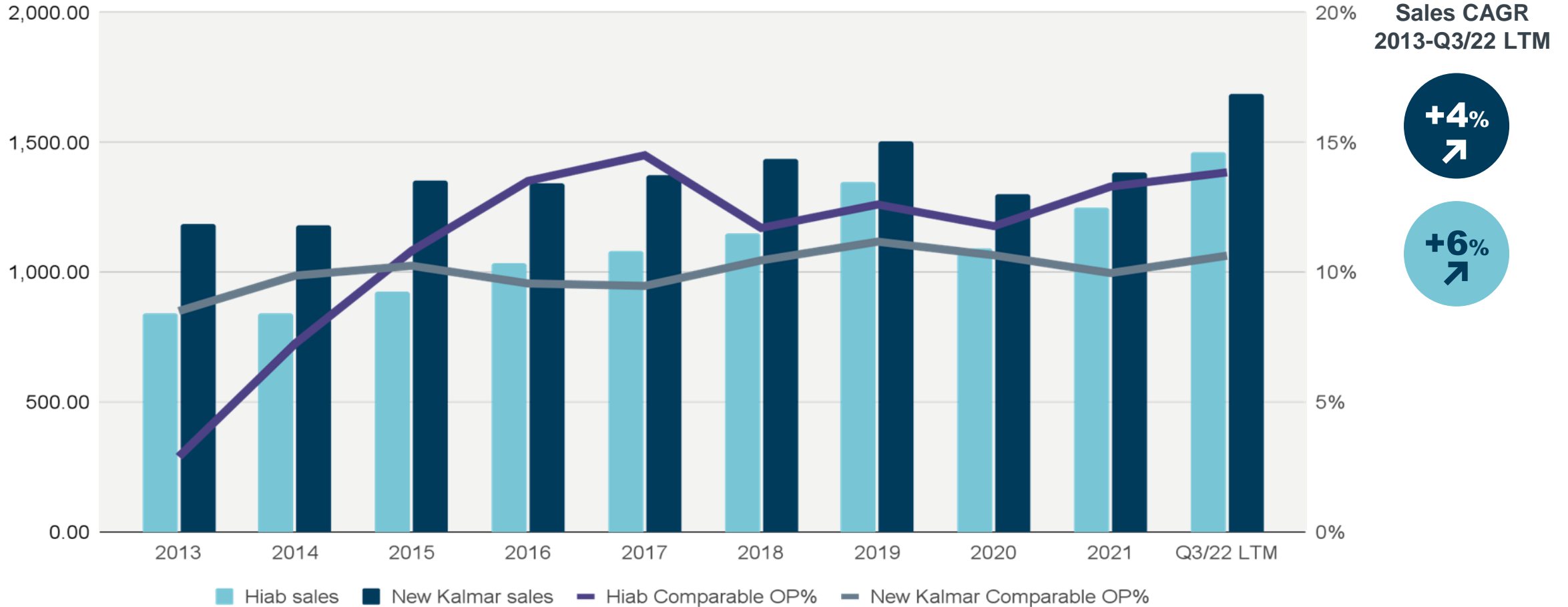
1) Sales CAGR 2013-Q3/22 LTM

\*) Kalmar heavy cranes and MacGregor

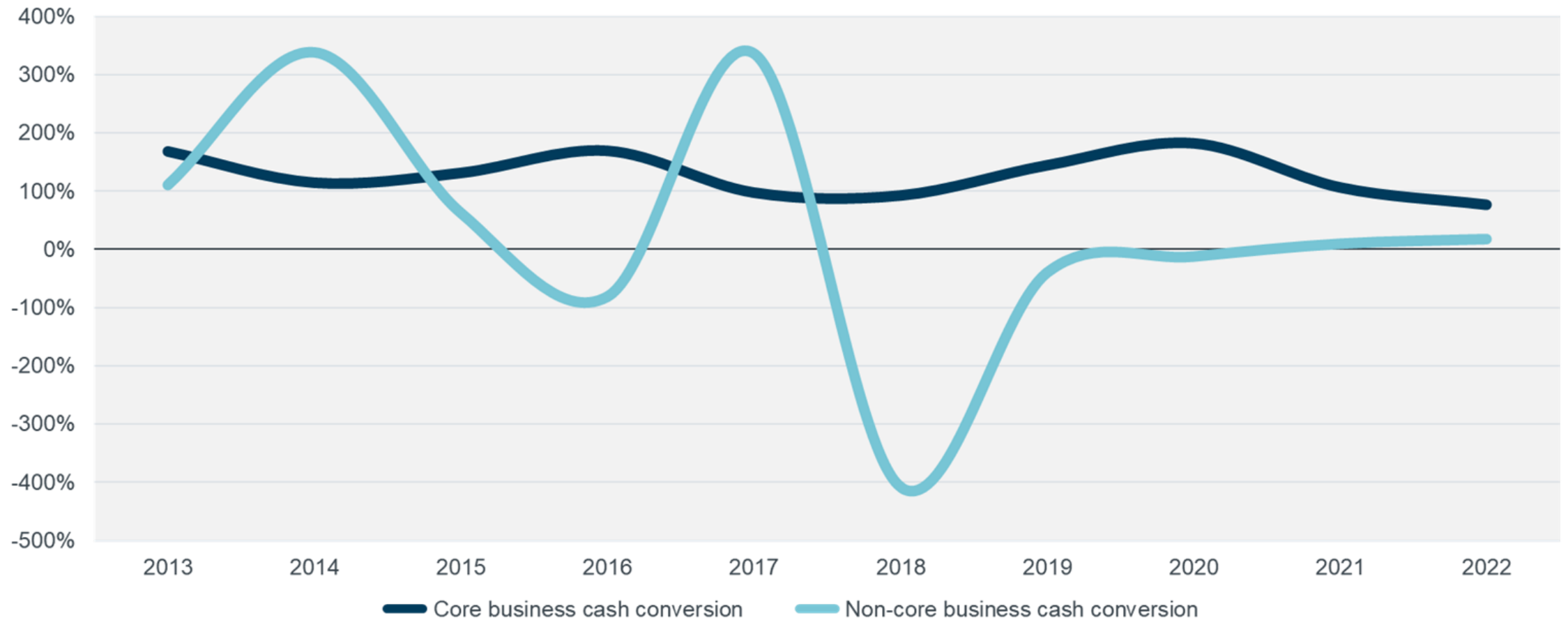
All figures management estimates, Group overheads are shown in Core Business


# ...with both consistently delivering double digit profitability

MEUR



# Solid cash conversion\* in core businesses over the cycle





# Kalmar heavy cranes exit at final stages

- Asset deal completion in Q4/2022
- Stopping significant annual losses (20M€ in 2021)
- 80M€ order book, 80% delivered by the end of 2023
- Expecting small negative impact in Kalmar profitability in 2023
- Last 5 year restructuring costs 43M€

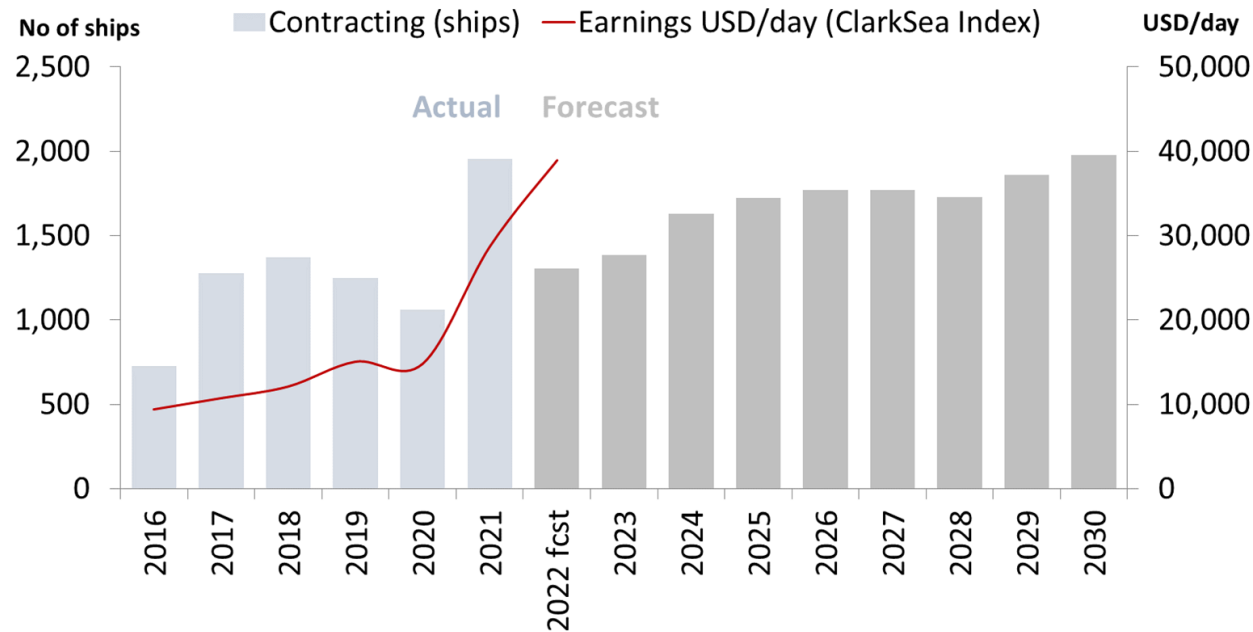


# MacGregor strategic evaluation completed

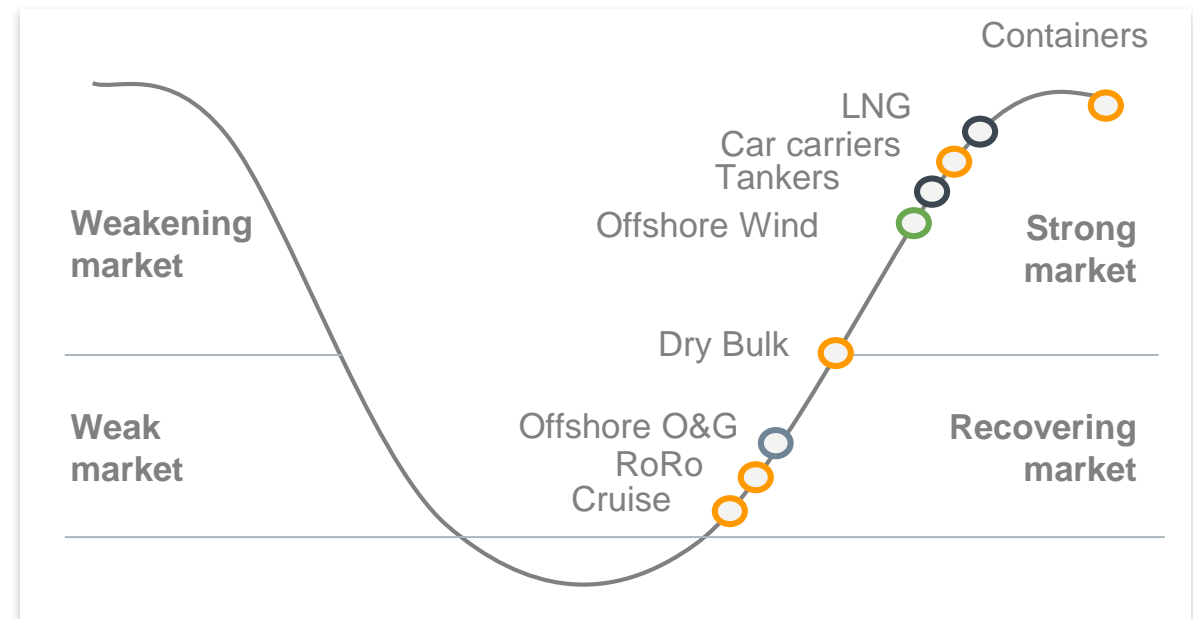
- MacGregor will not be part of Cargotec's portfolio in the future
- From a value creation perspective, the timing for divestment is not ideal
  - Financial market uncertainty
  - Early phase of turnaround
- Sep 2022 order book 861M€, supporting 2023 revenue and profitability improvement
- New Offshore restructuring program launched
  - Target 12M€ annual cost reduction
  - Majority of the reductions effective in 2023, starting from Q2 onwards
- Cargotec is expecting MacGregor's sales and comparable profit to improve in 2023 compared to 2022

# MacGregor's market outlook is positive despite year-on-year decline in merchant vessel contracting

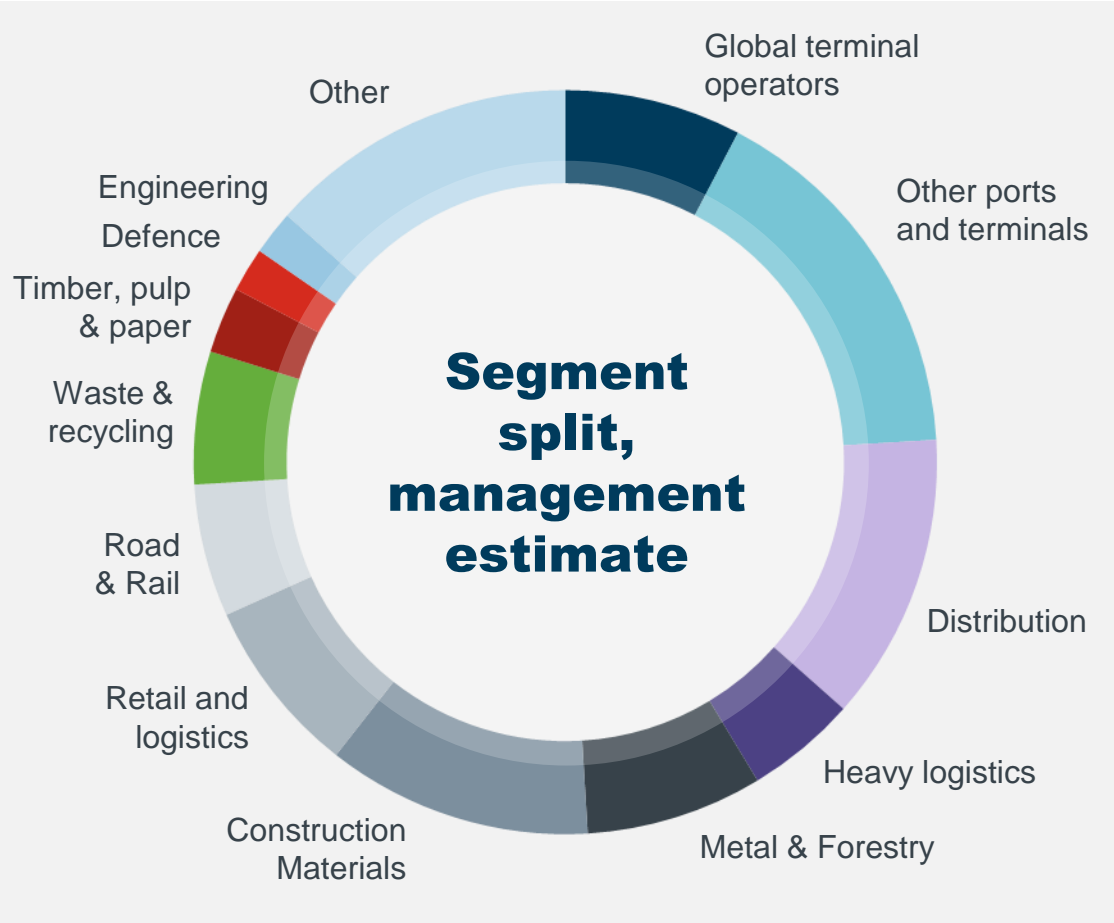
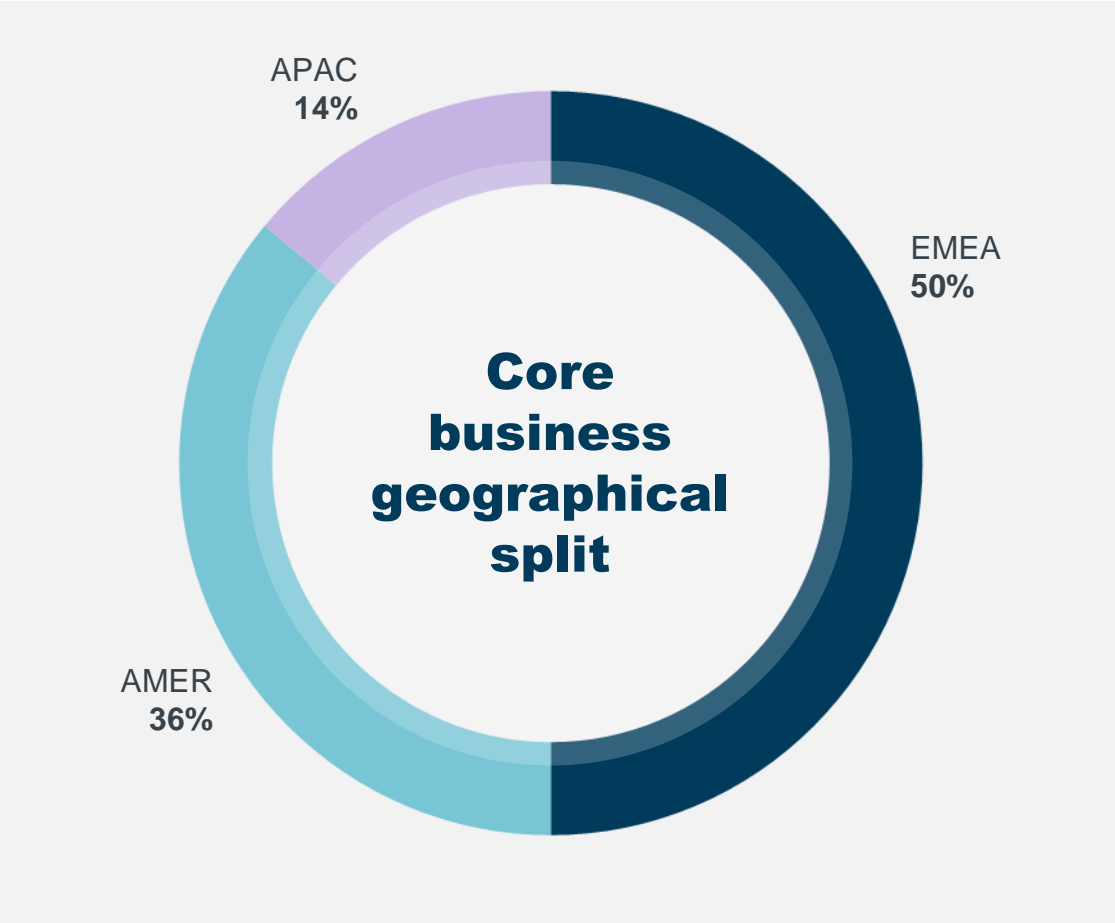
## Merchant ships market trends



## Market cycle position (indicative)



# Well diversified core businesses are in attractive markets and segments



# Agility and resilience of our business has increased over the years

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022



Core business Service revenue growth from 2013 to 2022 340M€

Focus on core businesses

Consolidation of European assembly operations

Asset light business model

Supply chain improvements

Exit Rainbow-Cargotec Industries JV

Investments in Dundalk, Streetsboro and Ottawa

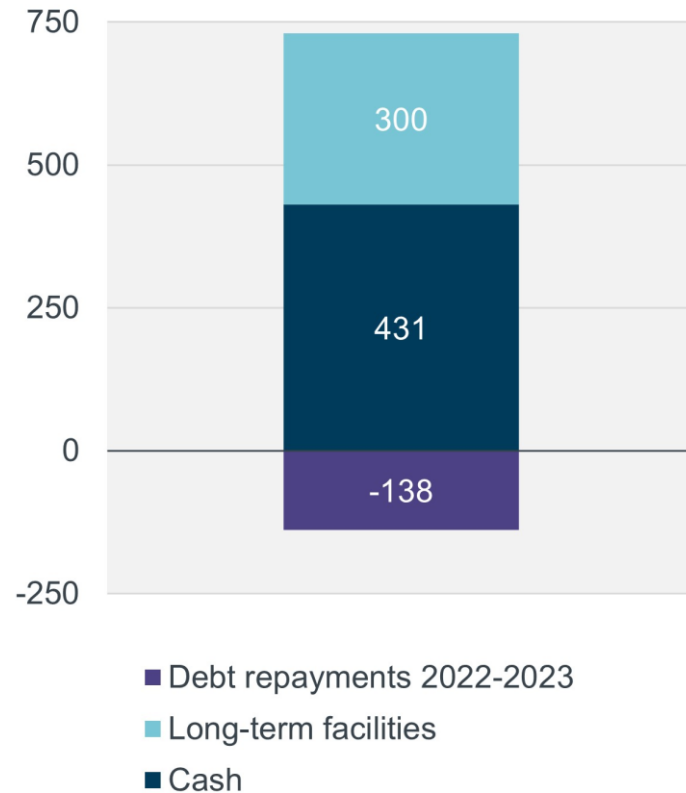
Establishment of shared service center (Cargotec Business Services)

Continuous improvement

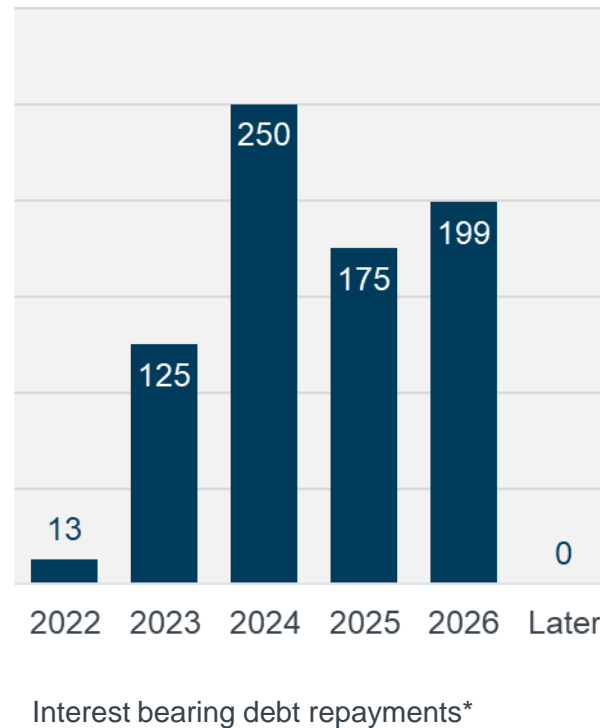
Hiab & Kalmar agility actions

# We have a strong balance sheet supporting our performance targets

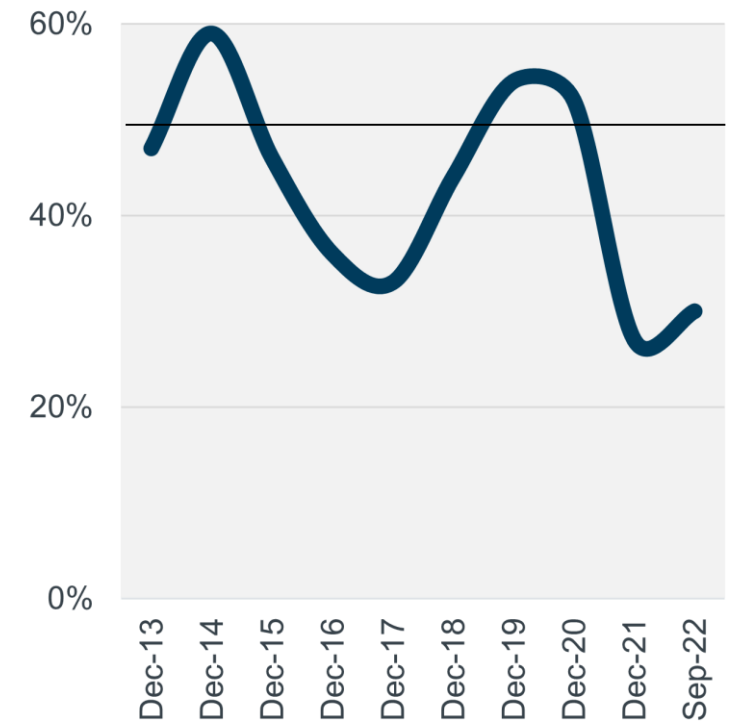
## Strong liquidity, MEUR\*



## Healthy maturity profile, MEUR



## Gearing below 50% target



IFRS16 lease liabilities included in gearing calculation from 2019 onwards

# We will continue to allocate capital to growth, sustainability and shareholder returns



## GROWTH

Cash spent on core business acquisitions in 2013-2022  
**EUR 105 million**



## SUSTAINABILITY

Core business R&D 2018-2022  
**EUR 323 million**  
(2.4% of sales)



## SHAREHOLDER RETURNS

Paid dividends 2013-2021  
**EUR 505 million**  
(52% of net income)

# We have successfully navigated through an exceptional operating environment...

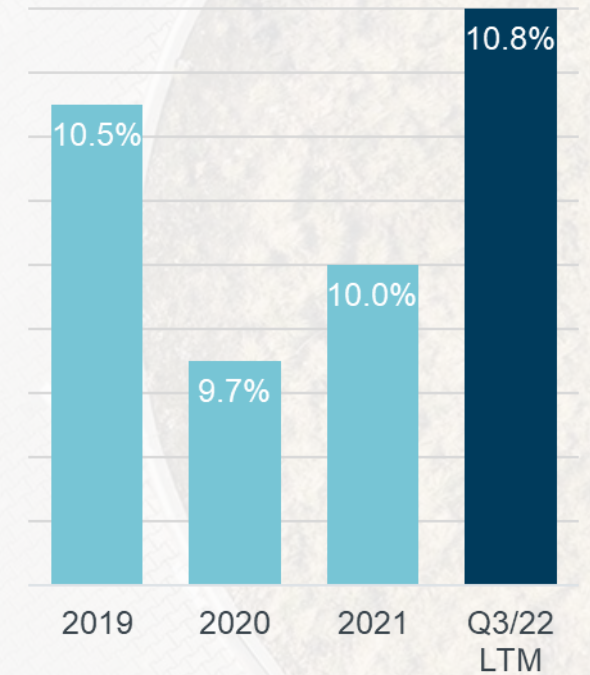
## What we have seen in the markets

- Macroeconomic uncertainty
- Covid-19 impact on 2020 deliveries, sales down 20%
- Supply chain shortcomings, rapid input cost increases
- Geopolitical tensions

## How we have responded

- We reduced our monthly costs by 10 MEUR in 4 weeks by implementing Plan B actions
- Securing deliveries - NWC increase by 180M€ since Dec 2020
- Sales price increases >20% since Jan 2021
- Further geographical distribution of supply base
- Exit from Russia, expanding assembly in the USA

## Core businesses comparable OP



Figures management estimates

# ...and we are prepared for different future scenarios

Observe early signals - monitor customer demand and equipment utilization

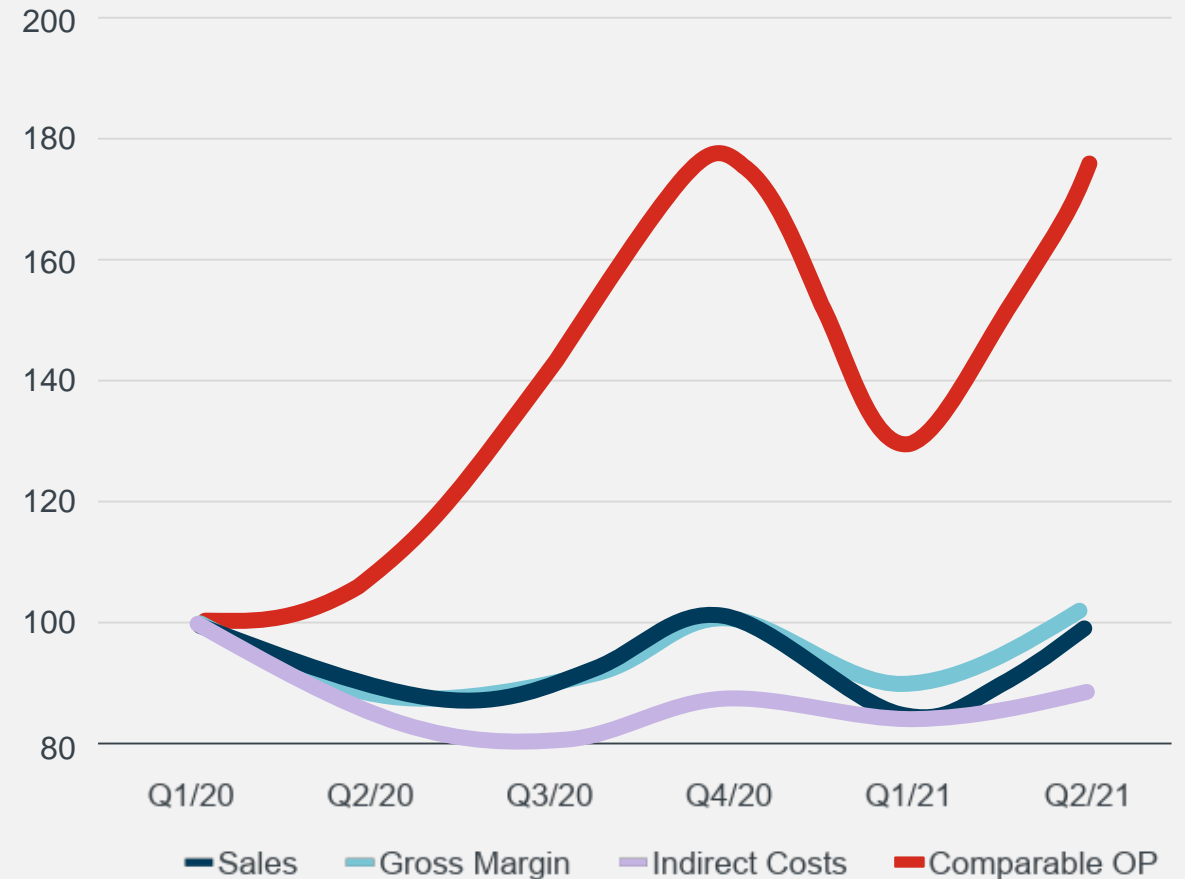
Rapid cost base adjustment enabled by scenario plans, like

- › maintaining core businesses operating profit margin above 10% with 25% sales decline

Utilize momentum for offensive actions, like M&A

## Actions to reduce fixed costs reduction compensated for the lost gross margin

Index Q1/20 = 100





# Cargotec's performance targets for its core businesses

**Eco portfolio: double sales growth**  
compared to traditional products

**Sales growth faster than market<sup>1</sup>**

**Reduce CO<sub>2</sub> emissions in our value chain<sup>2</sup>**

2025: **-25%** | 2030: **-50%**

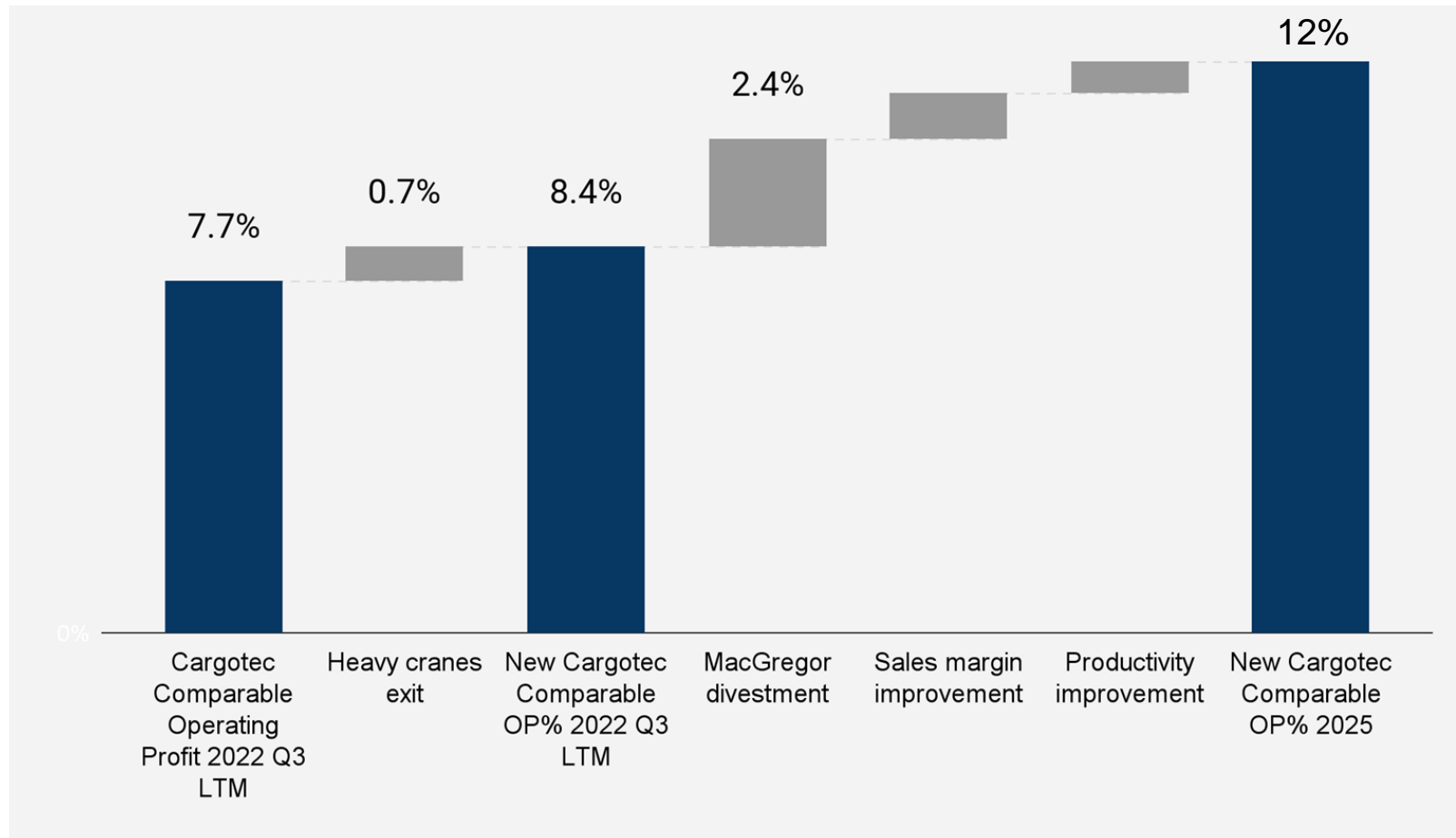
**Comparable operating profit**

2025: **12%** | 2030: **15%**

Growing dividend  
**30-50% EPS**

Gearing below  
**50%**

# These are the key levers for higher performance up to 2025



## Levers for higher profitability:

### Sales margin improvement

- › Supply chain developments
- › Service growth (capture rates, digital solutions, eCommerce)
- › Eco portfolio sales growth

### Productivity

- › Kalmar, Hiab and shared services operational excellence programs, investments in assembly operations

# An investment in Cargotec is an investment in a more sustainable future

Growing by making customer's operations **more sustainable**

Business in diversified **attractive growth** segments and markets

**Significant installed base** for growing service business

**Solid track record** of delivering 5% annual growth and 10% EBIT

Dividend policy **30-50%**, growing annually

