

CEO Mika Vehviläinen

# Annual General Meeting 2019

19 March 2019



# Agenda

1. Extended Executive Board introduction
2. Financial review 2018
3. Strategic development
4. Sustainability as a driver for future growth
5. Dividend and outlook for 2019

# Cargotec's Extended Executive Board from 1 April 2019



**Mika Vehviläinen**  
CEO



**Mikko Puolakka**  
CFO



**Antti Kaunonen**  
President, Kalmar  
Automation Solutions



**Stefan Lampa**  
President, Kalmar  
Mobile Solutions



**Scott Phillips**  
President, Hiab



**Michel van  
Roozendaal**  
President, MacGregor



**Soili Mäkinen**  
CIO



**Mikael Laine**  
SVP, Strategy



**Mikko Pelkonen**  
SVP, Human Resources

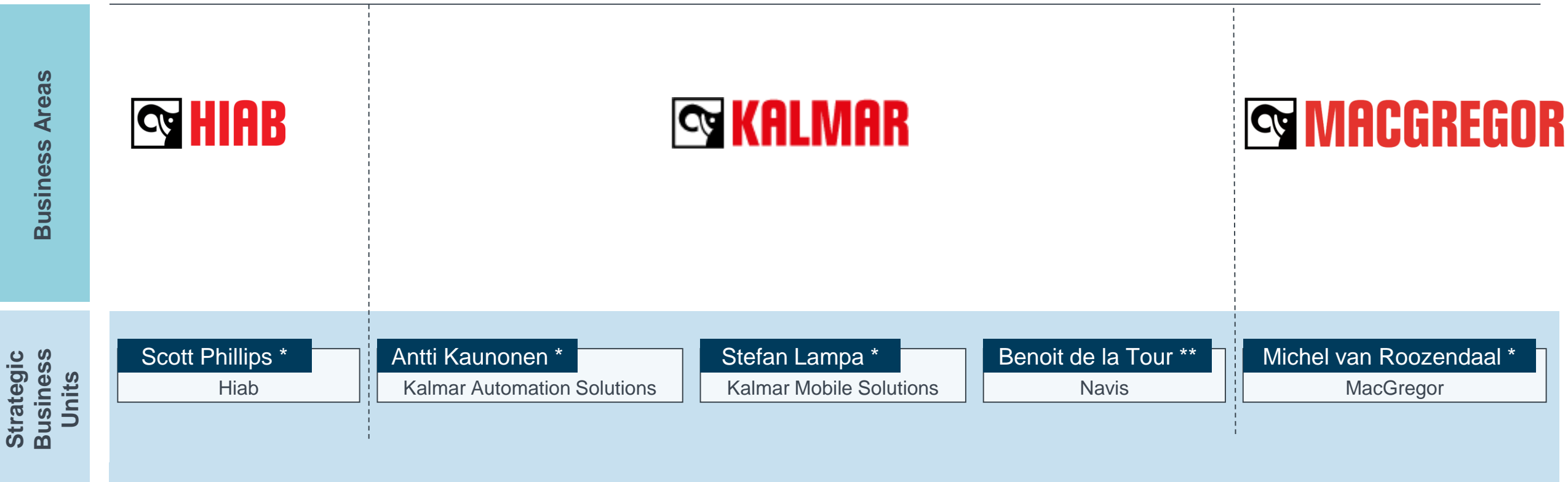


**Outi Aaltonen**  
SVP, General Counsel



**Carina Geber-Teir**  
SVP, Communications

# Kalmar's business operations are reorganised to accelerate growth



\* Member of the Executive Board  
\*\* Reports to CEO

# Financial review 2018:

Strong growth in  
orders received



# Year 2018 at Cargotec – Orders received increased in all business units

Orders received increased by 18%

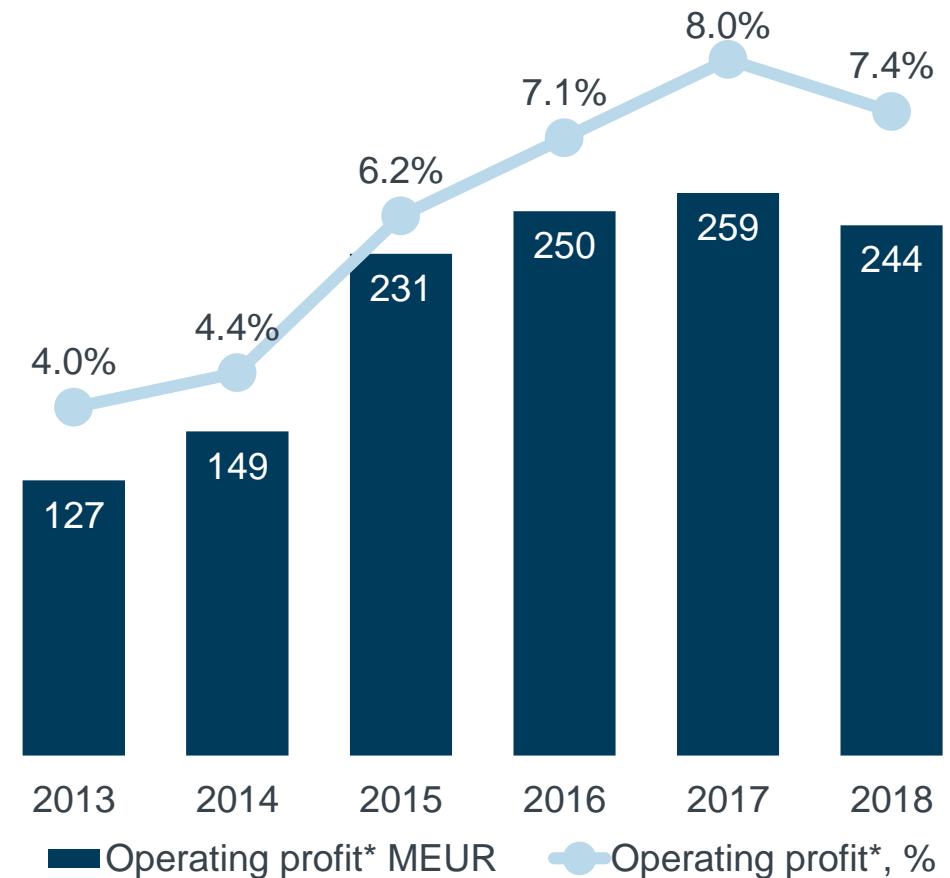
- Growth in all business units
  - Kalmar +23%
  - Hiab +13%
  - MacGregor +11%

Net sales increased by 2%

- At comparable currency rates, net sales increased by 4%

Operating profit\* decreased by 6%

- Kalmar's operating profit\* increased
- Hiab was burdened by exchange rate fluctuations and supply chain bottlenecks
- MacGregor's operating profit\* slightly above zero



\* Excluding restructuring costs

# Market environment in 2018

## Kalmar

The number of containers handled in ports continued to grow

## Hiab

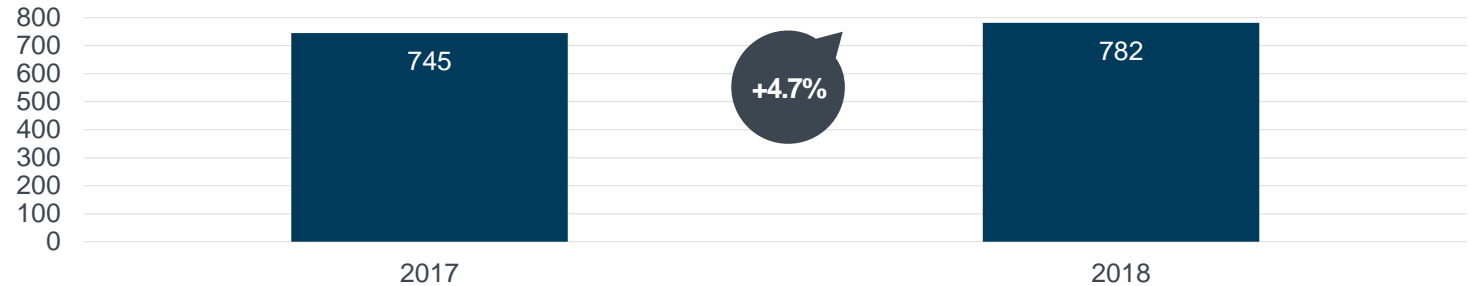
Construction activity at a good level

## MacGregor

The market improved slightly in the merchant ship sector, but orders remained below historical levels

Global container throughput (MTEU) – Kalmar’s demand driver

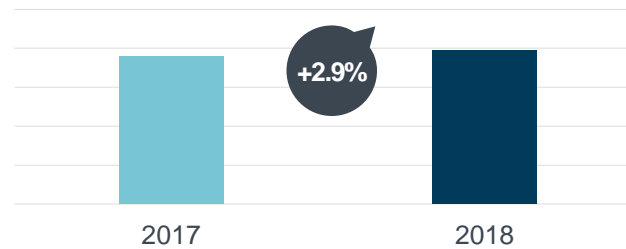
Source: Drewry



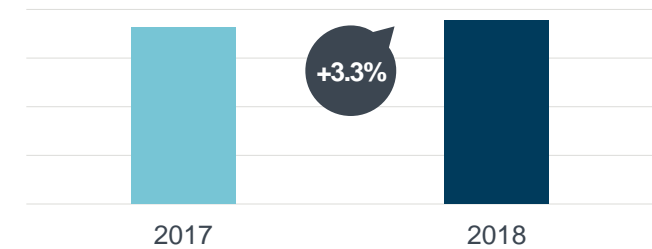
Construction output – Hiab’s demand driver

Source: Oxford Economics

United States



Europe

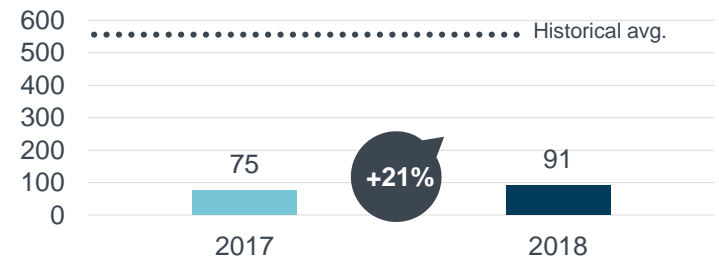
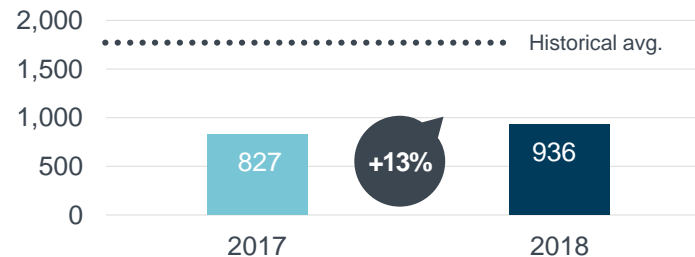


Ship and offshore unit order volumes – MacGregor’s demand driver

Source: Clarkson Research (number of ships and offshore units) Historical indicative average

Merchant ships > 2,000 gt (excl. offshore and miscellaneous)

Mobile offshore units



# We continued investing in the development of our operations in 2018

## Investment targets in 2018:

- Digitalisation
- More competitive and cost-efficient products
- Digital solutions development hub to Tampere
- Investments in global systems
- Sofia Business Service Centre





# Kalmar – Orders received and operating profit increased

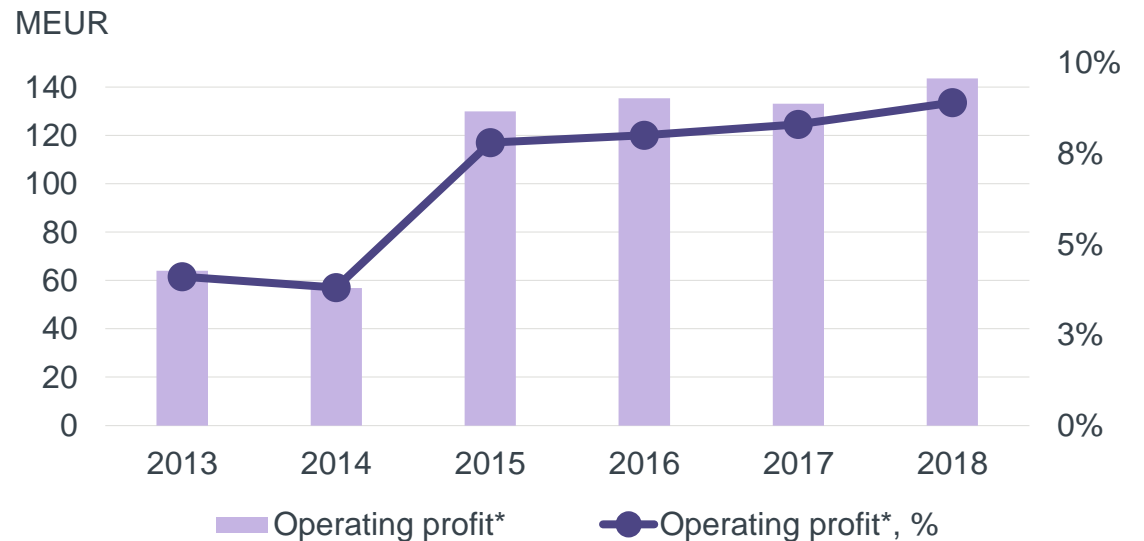
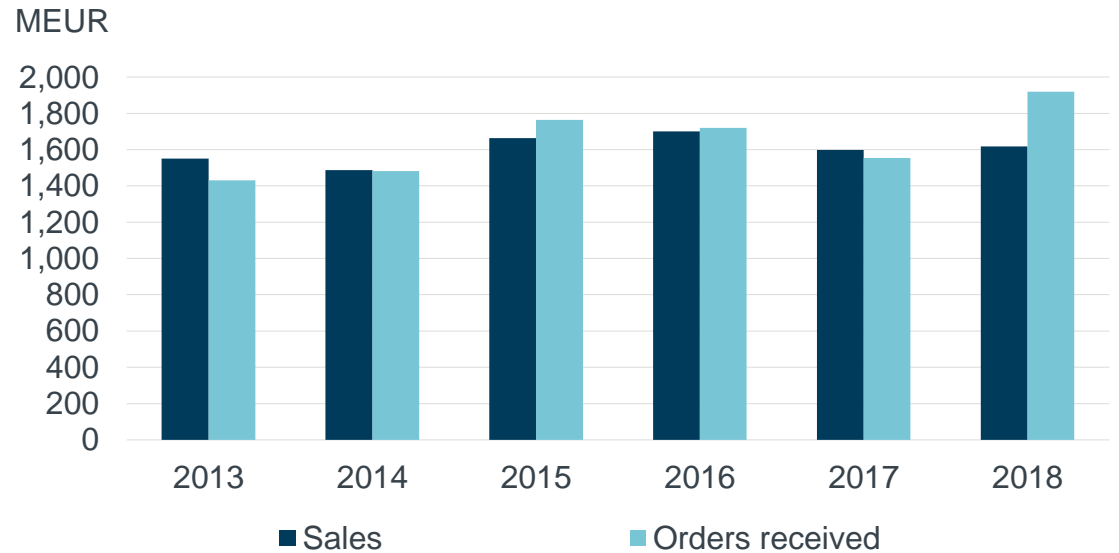
Orders received increased by 23%

- Five new automation projects
- Orders for container handling equipment increased

Operating profit\* increased by 8% and operating margin\* improved to 8.9%

Service business developed favourably

- Comparable growth 9%



\* Excluding restructuring costs

# Hiab – Demand remained strong, but operating profit declined

Orders received increased by 13%

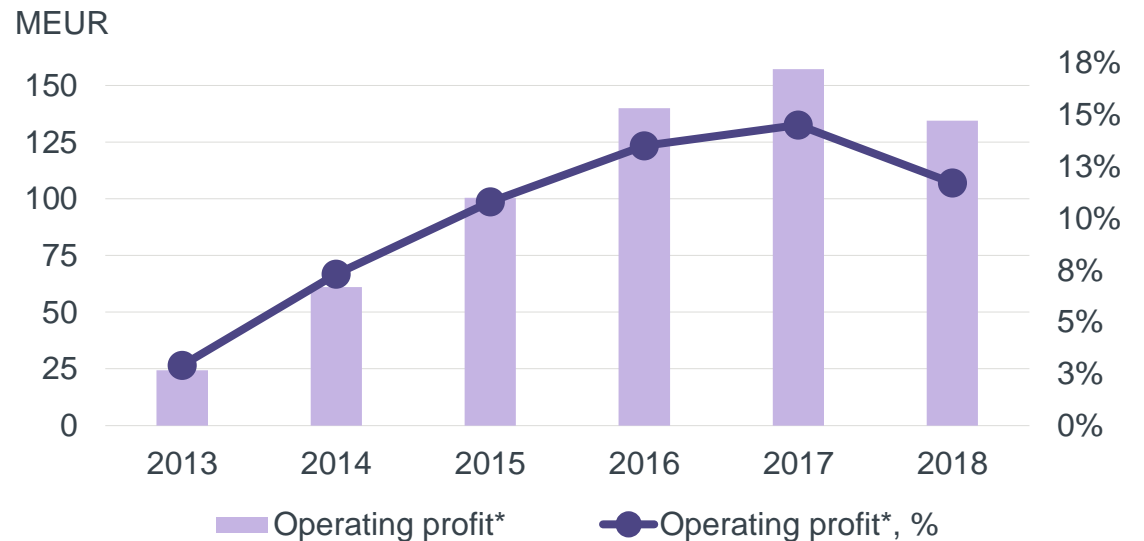
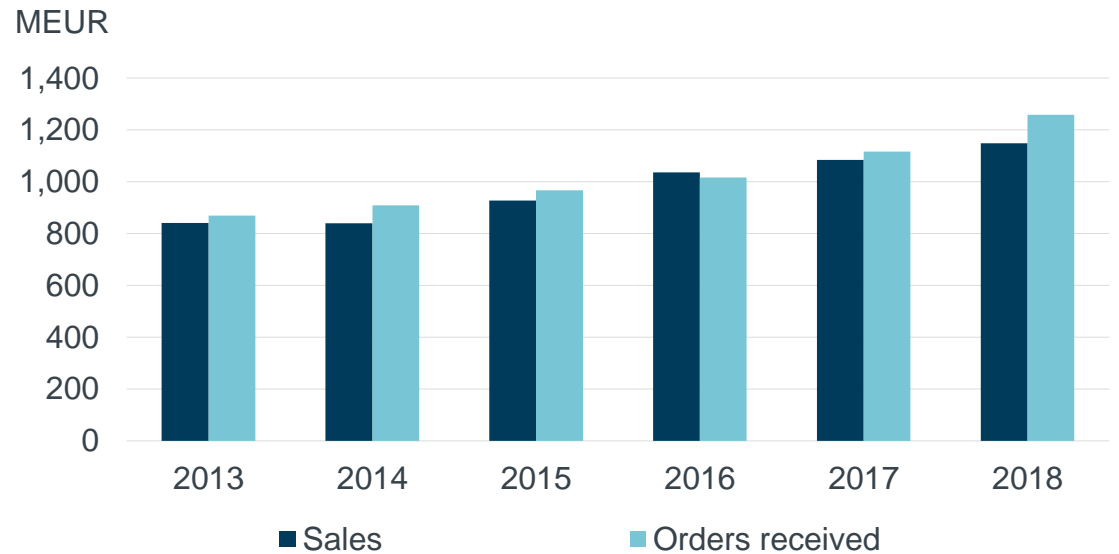
- Growth in both Europe and Americas

Sales increased by 6%

- Comparable growth in service business 9%

Operating profit\* declined compared to the previous year

- Weakening of the US dollar against the euro
- Additional costs related to the supply chain



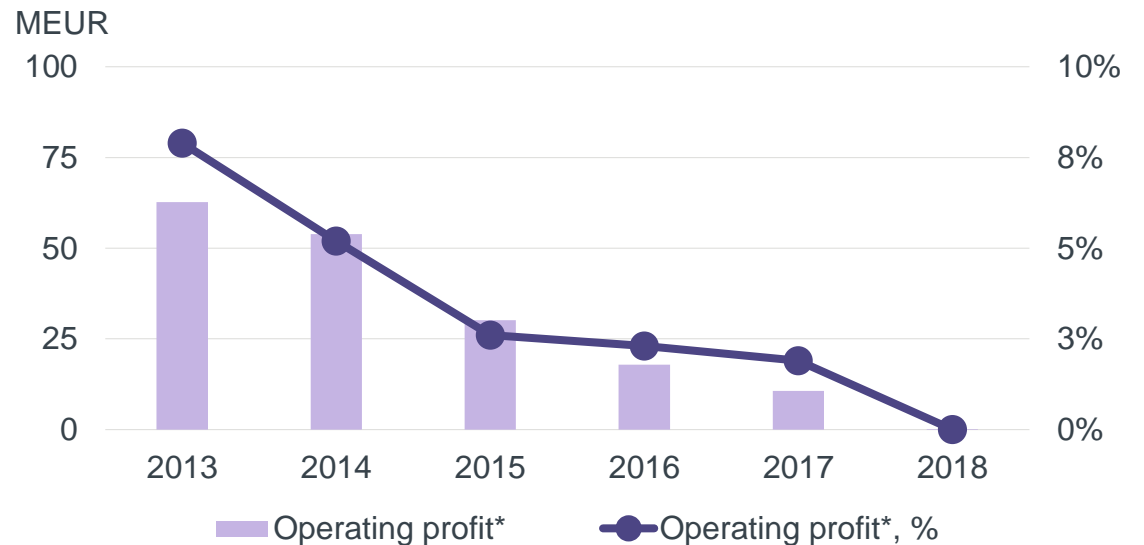
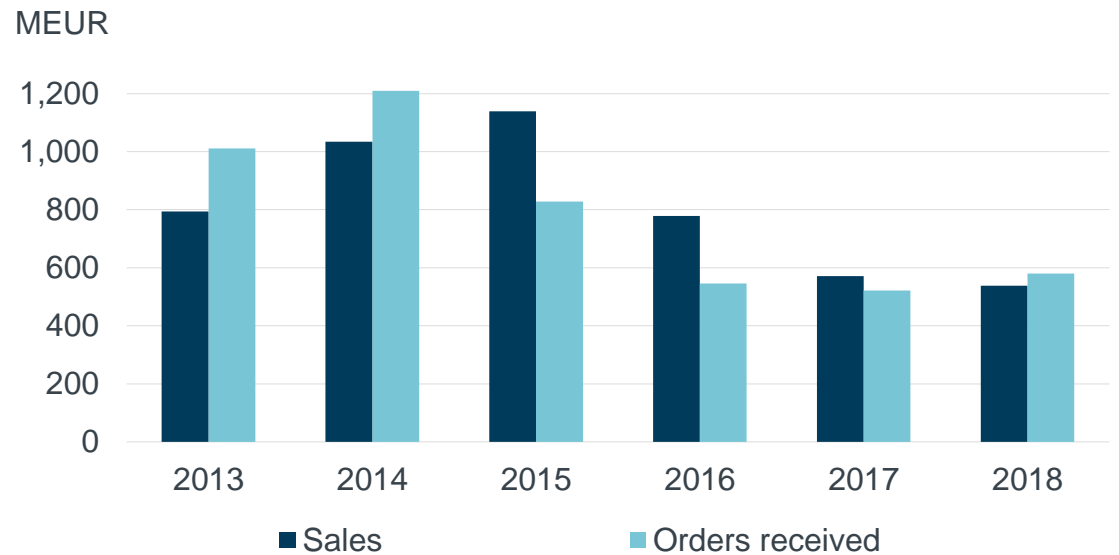
\*) Excluding restructuring costs

# MacGregor – Orders received increased, market environment still challenging

Orders received increased by 11%

Net sales and operating profit\* declined, operating profit\* remained slightly above zero

The market situation is still challenging

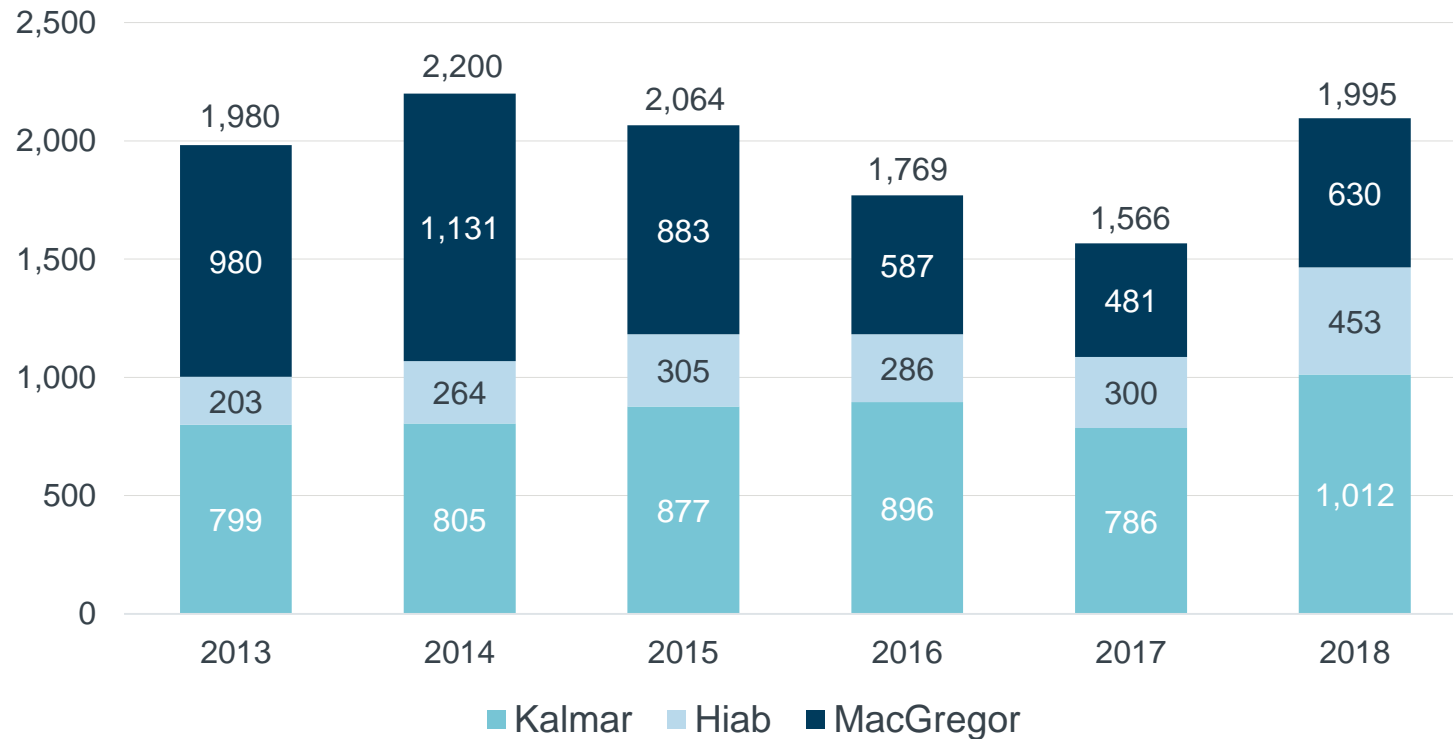


\*) Excluding restructuring costs

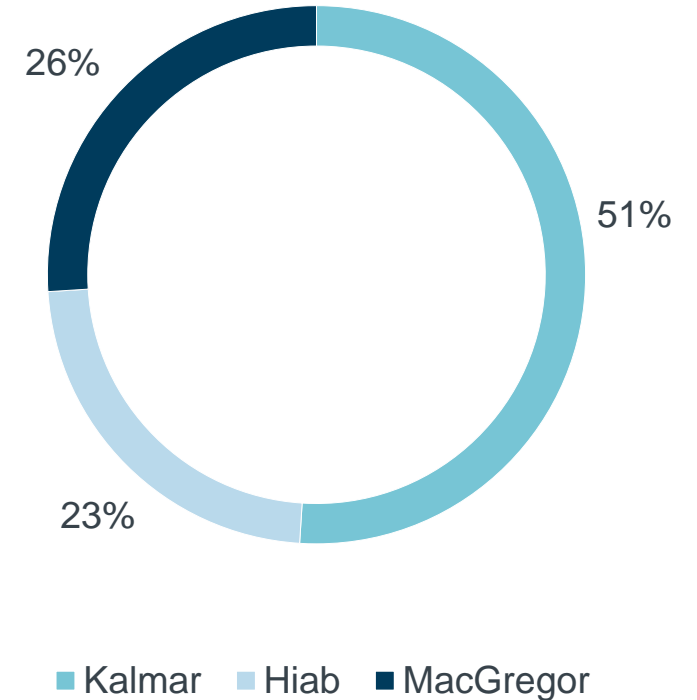
# Order book grew strongly

## Order book

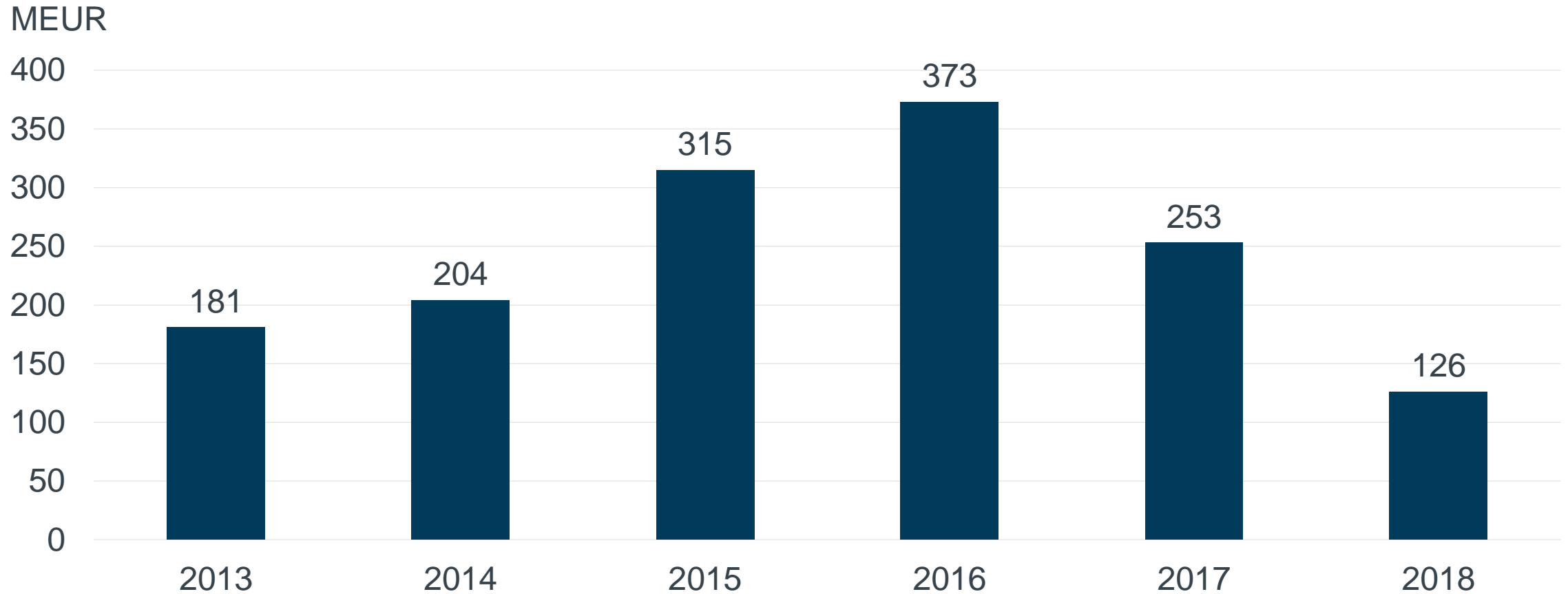
MEUR



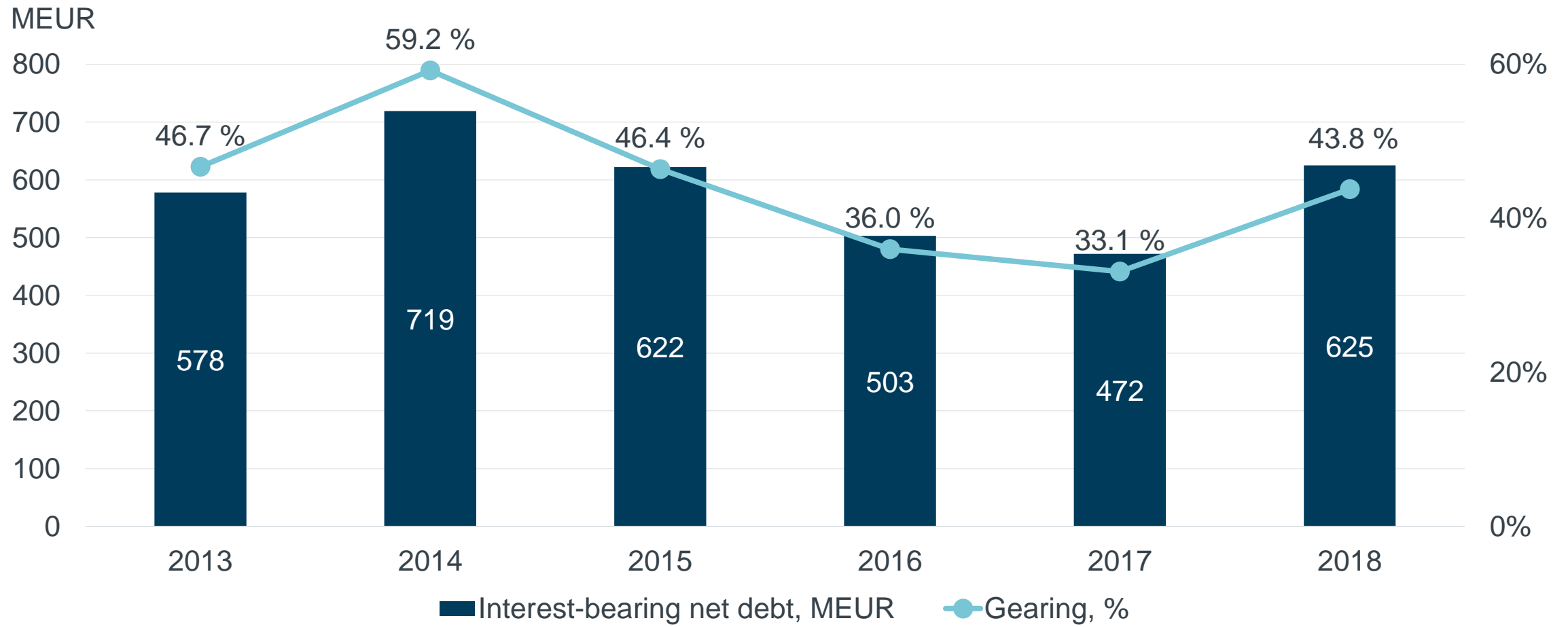
## Distribution of order book at the end of 2018



# Cash flow from operations declined due to the increase in working capital



# Gearing remained below our target



# Progress in M&A in 2018



Effer



TTS



Kalmar  
Rough  
Terrain  
Center



Siwertell

# Strategy developed well





# Must-win battles of the strategy period 2015–2018 create a solid base for future

Build world-class leadership

Lead digitalisation

World-class service offering

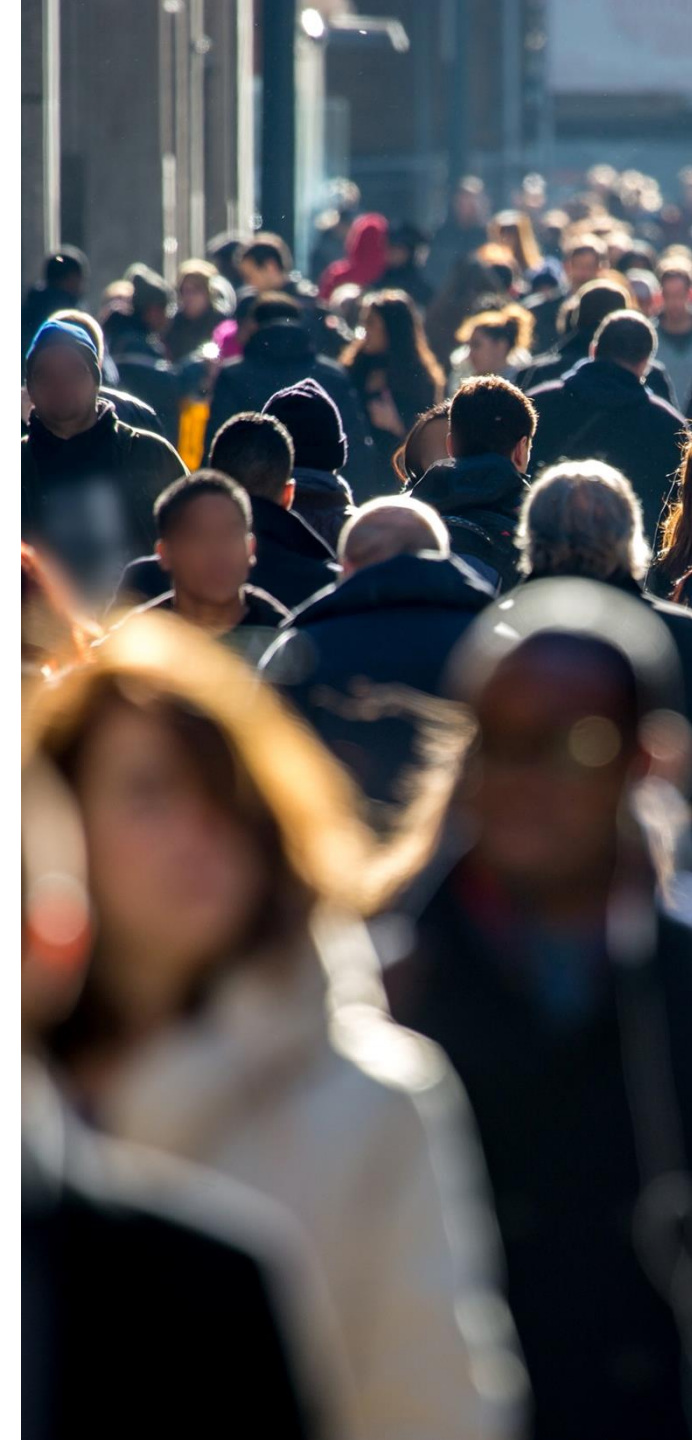
# Effective leadership enables strategy implementation

Our model for leadership development is at the heart of succession planning and the development of managerial work

1,800 of our leaders have completed our leadership training

We measure leadership and working atmosphere regularly

Our teams' working atmosphere has improved markedly



# Strong progress in digitalisation

The world's largest port operator, Cosco, concluded a contract for the deployment of the Navis N4 system

Orders received in the software business grew by 33%

Digital solutions support industry eco-efficiency

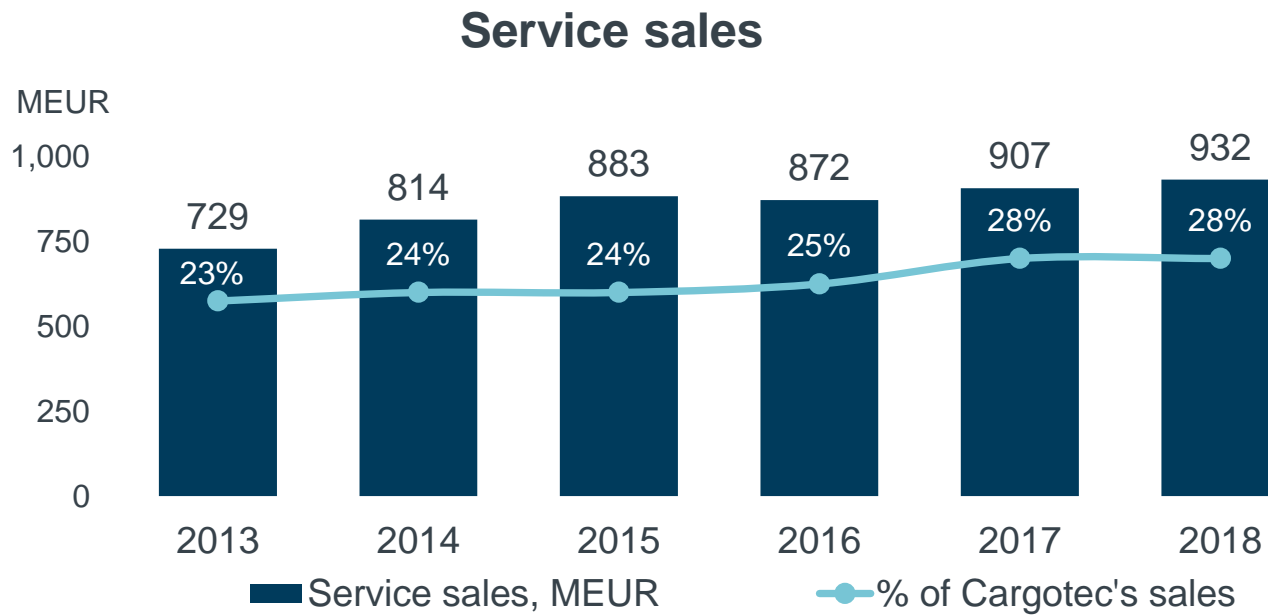
Hiab HiConnect to the commercial market

MacGregor's new Voyage and Port Optimiser system



# Service sales grew in all business units

Comparable growth in service sales was 6%



# Service develops through digitalisation

Kalmar's new innovation centre accelerates the development of services

The increase in the amount of data from equipment enables eg. intelligent service solutions

Kalmar Insight enables more efficient operations in ports

Hiab's HiVision now has possibility for remote service

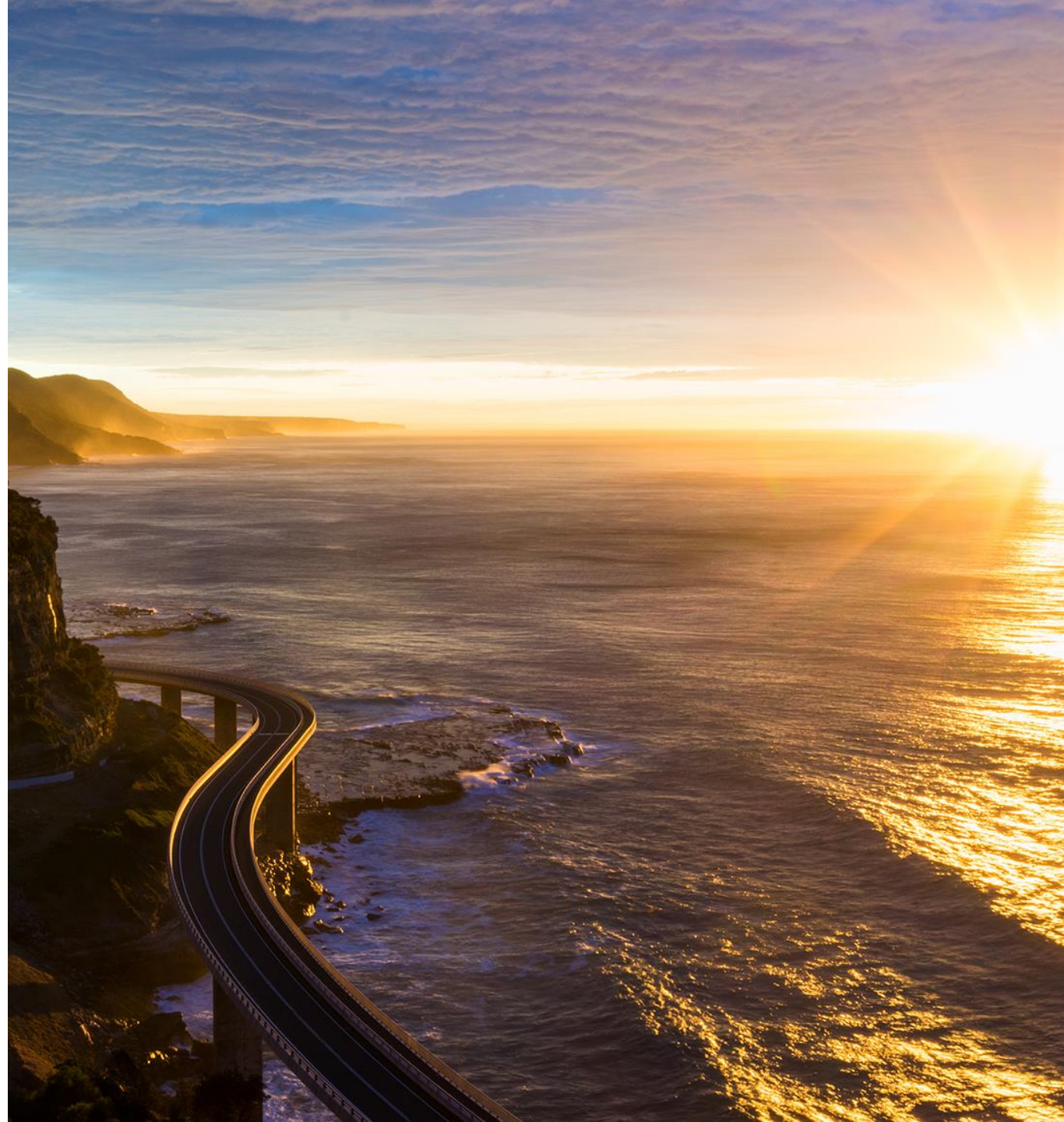
MacGregor's OnWatch Scout reduces unplanned downtime



# Our vision is to become the market leader in intelligent cargo handling

<b>VISION</b>	<b>GLOBAL MARKET LEADER IN INTELLIGENT CARGO HANDLING</b>	
<b>MUST-WIN BATTLES</b>	<b>Win through customer centricity</b>	<b>Accelerate digitalisation</b>
	<b>Advance in services</b>	<b>Productivity for growth</b>

# Sustainability as a driver for future growth



# Climate change will have an impact on the transport sector and the needs of our customers in the future

Emission reduction targets and requirements for transport are being continuously assessed

The need for electrification and streamlined transport chains will grow





# Eco-efficient solutions promote our competitiveness

The offering for eco-efficiency accounted for about 21% of net sales in 2018

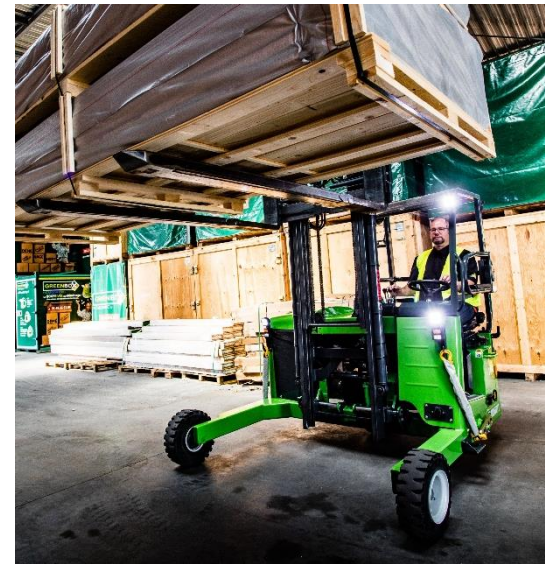
Systems efficiency



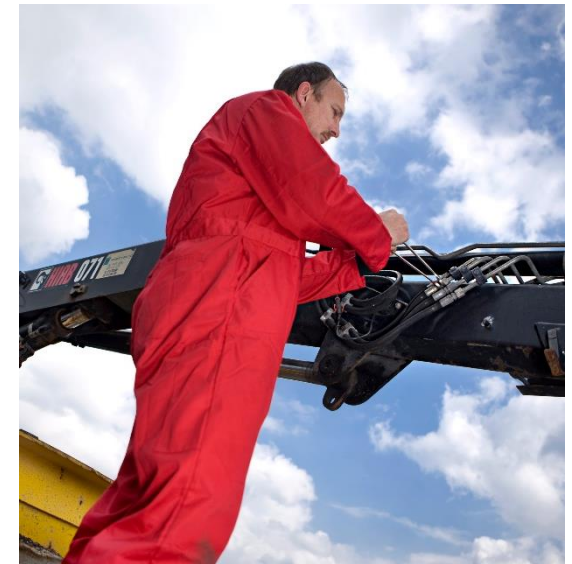
Efficiency for environmental industries



Emission efficiency



Resources efficiency



# Ethics and Compliance

Profitable and sustainable business requires ethical ways of working

## Organisation and leadership

- Strong commitment from top management
- Top management monitors Code of Conduct matters regularly
- Strongly enhanced resources on monitoring and change leadership

## Processes and controls

- Internal controls and audits
- Policies and related trainings
- Ethical aspects in business acquisitions
- Ethical practices required also from our partners

## Speak-Up

- Employees are encouraged to discuss possible concerns
- Anonymous reporting line in use
- Systematic way for investigating and reacting to possible misconduct

# Dividend and outlook for 2019



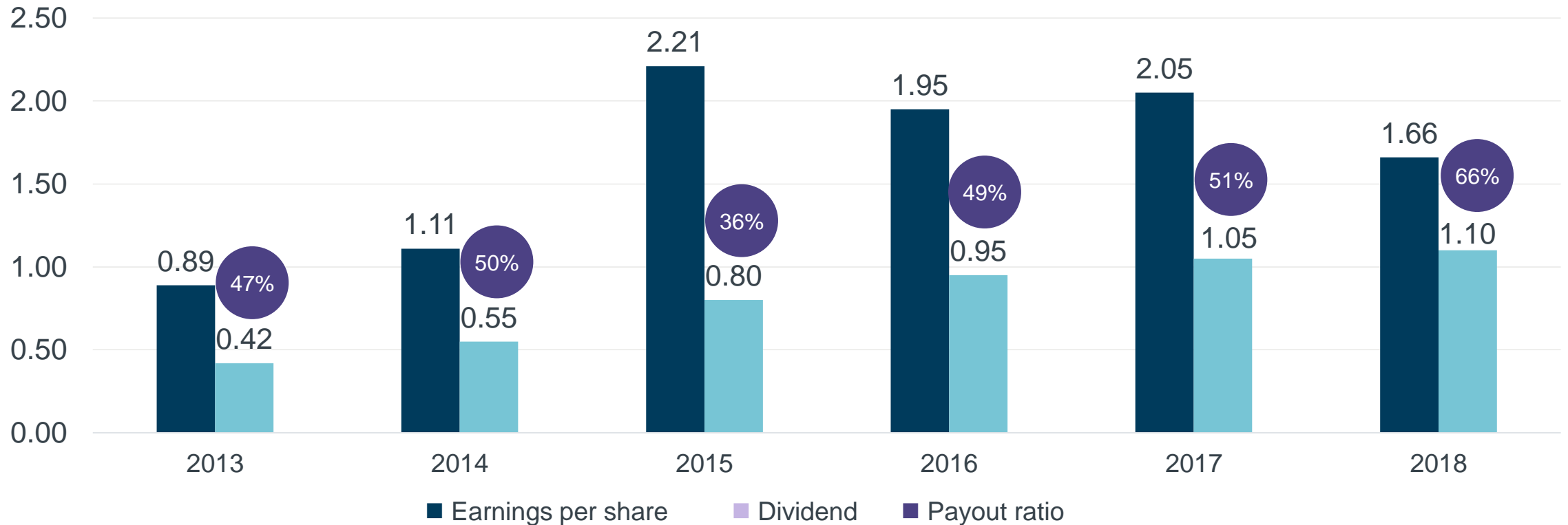
# Key figures in 2018

	2018	2017	Change
Orders received, MEUR	3,756	3,190	+18%
Order book, MEUR	1,995	1,566	+27%
Sales, MEUR	3,304	3,250	+2%
Operating profit, MEUR	190.0	222.1	-14%
Operating profit, %	5.8%	6.8%	-1.1 %-points
Restructuring costs, MEUR	53.8	36.5	+48%
Operating profit*, MEUR	243.8	258.6	-6%
Operating profit*, %	7.4%	8.0%	-0.6 %-points
Net income for the period, MEUR	108.0	132.7	-19%
Earnings per share, EUR	1.66	2.05	-19%
Equity per share	22.16	22.06	+0%
Return on capital employed (ROCE), %	8.0%	9.6 %	-1.6 %-points
Total equity / total assets, %	40.9%	42.2%	-1.3 %-points

# Dividend increases\* for the fifth year in a row

## Board proposes EUR 1.10 dividend (B share)

Dividend to be paid in two instalments of EUR 0.55



\*Board proposal to AGM



# Outlook for 2019

Cargotec expects comparable operating profit for the year 2019 to improve from 2018 (242.1 million euros).

## New alternative key figure – Comparable operating profit

Cargotec uses alternative key figures to provide a better picture of the operational development of the business and to improve comparability between reporting periods. From 1 January 2019, Cargotec replaces in its financial reporting the alternative key figure "operating profit before restructuring costs", which was used to monitor the result of operations, with the key figure "comparable operating profit". Comparable operating profit does not include items that significantly affect comparability. These generally include, in addition to restructuring costs, capital gains/losses, costs and revenues related to the acquisition and sale of business operations, impairment of assets and refunds, insurance claims and legal costs. Cargotec's comparable operating profit in 2018 is MEUR 242.1 (2017: 258.6).



**Thank you!**

