

Hiab Investor Breakfast
Scott Phillips | President Hiab

Addressing operations & securing long-term growth

EXTERNAL - CONFIDENTIAL

Welcome to the Hiab Investor Breakfast

Moderator

Hanna-Maria Heikkinen

VP Investor Relations, Cargotec

Host & Presenter

Scott Phillips, President, Hiab

Format

08:30 – 09:00 Light Breakfast

09:00 – 11:00 Presentation
interactive Q&A



Hiab Leadership Team - Presenters



Simon Greaves
CFO, SVP Finance & Business Control



Jan-Erik Lindfors
VP New Business Solutions



Scott Phillips

President Hiab

- Oct 2018 - **President Hiab**
Cargotec Exec. Board Member
- 2016 – 2018 **General Electric**
Vice President & CEO Mining
- 2012 – 2016 **Sandvik Mining**
Business Area President
- 2006 – 2012 **Financial Services industry**
Executive & Board Positions
- 1991 – 2006 **Caterpillar Inc.**
Senior Management Positions

b/ 1966, US citizen, family with 3 kids

'With Hiab's dedicated team of almost 4,000 people, my ambition is to continue innovating in technology, services, support our customers throughout the product's lifecycle and increase the profit margin of the business.'

Reflecting on first months in Hiab

**Product Quality
& Performance**

**Strong
Brands**

**Customer
Loyalty**

**Competence
& Engagement**

**Operational
Performance**

**Service
Opportunity**

**Continuous
Improvement**

**Speed
of Execution**



COMPANY

+

CUSTOMERS

+

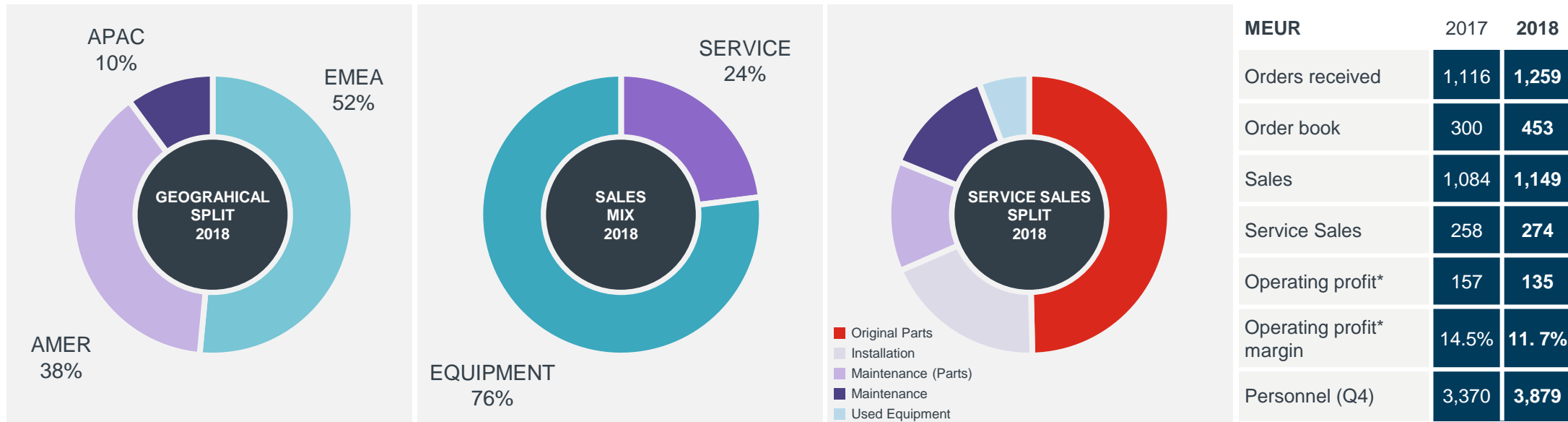
COMMUNITY

Grow core and expand into new segments and applications

Superior customer experience through services and digital solutions

Innovative and sustainable solutions impacting society

2018 with continued strong demand - decline in profit



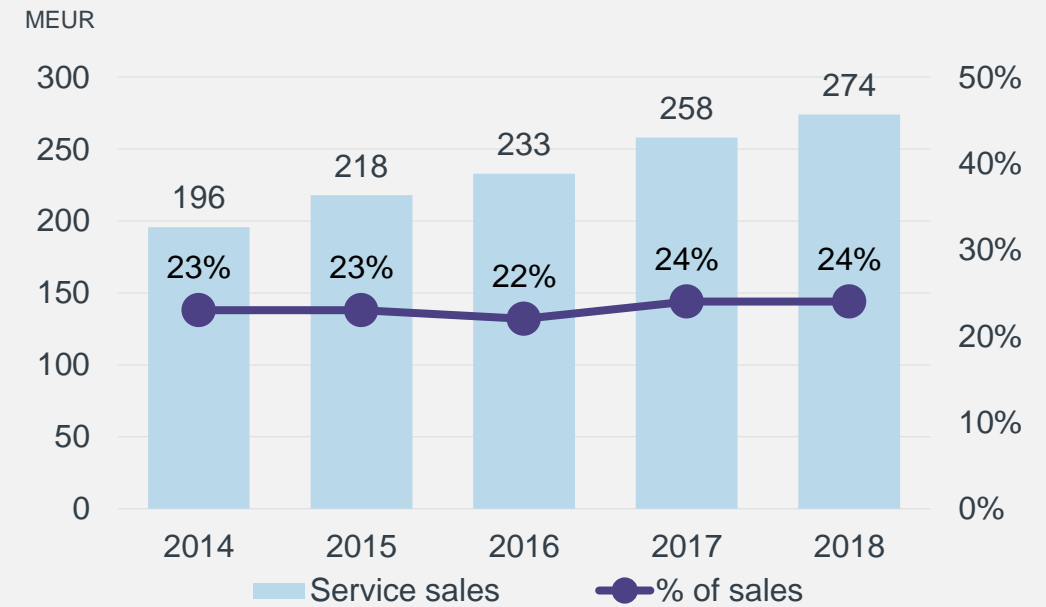
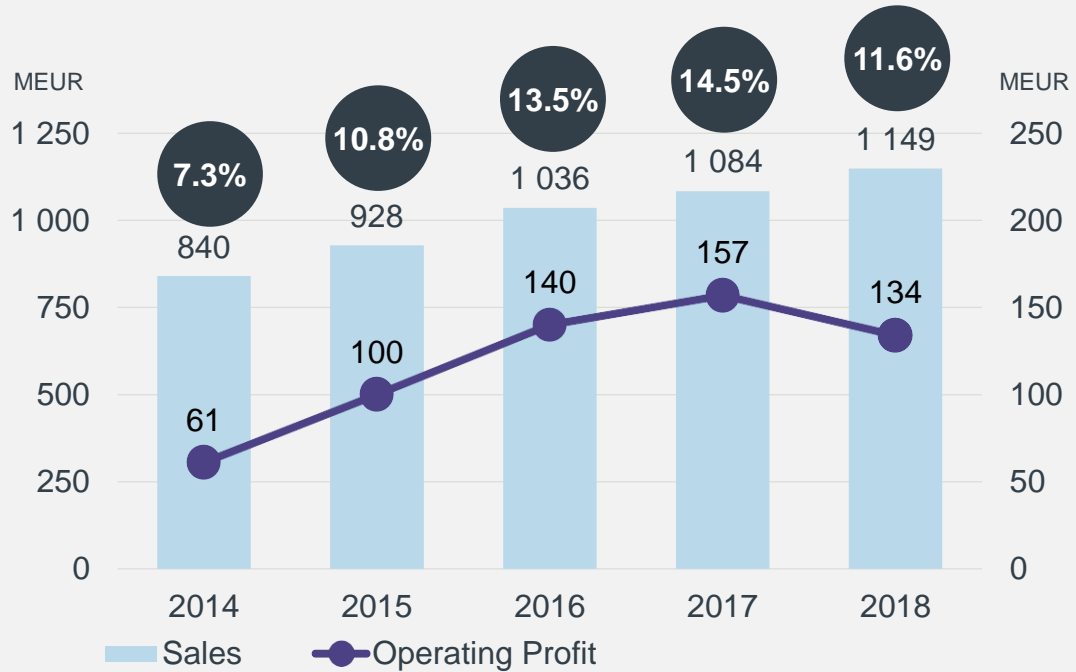
Highlights:

- Orders +13%, record order book
- Sales growth +6%
- Effer cranes acquisition completed
- Selected investment into future growth
- Leading category profitability

Challenges:

- Currency headwinds mainly € / US\$
- Cranes component supply chain affecting operational execution
- Operating profit and cash impact

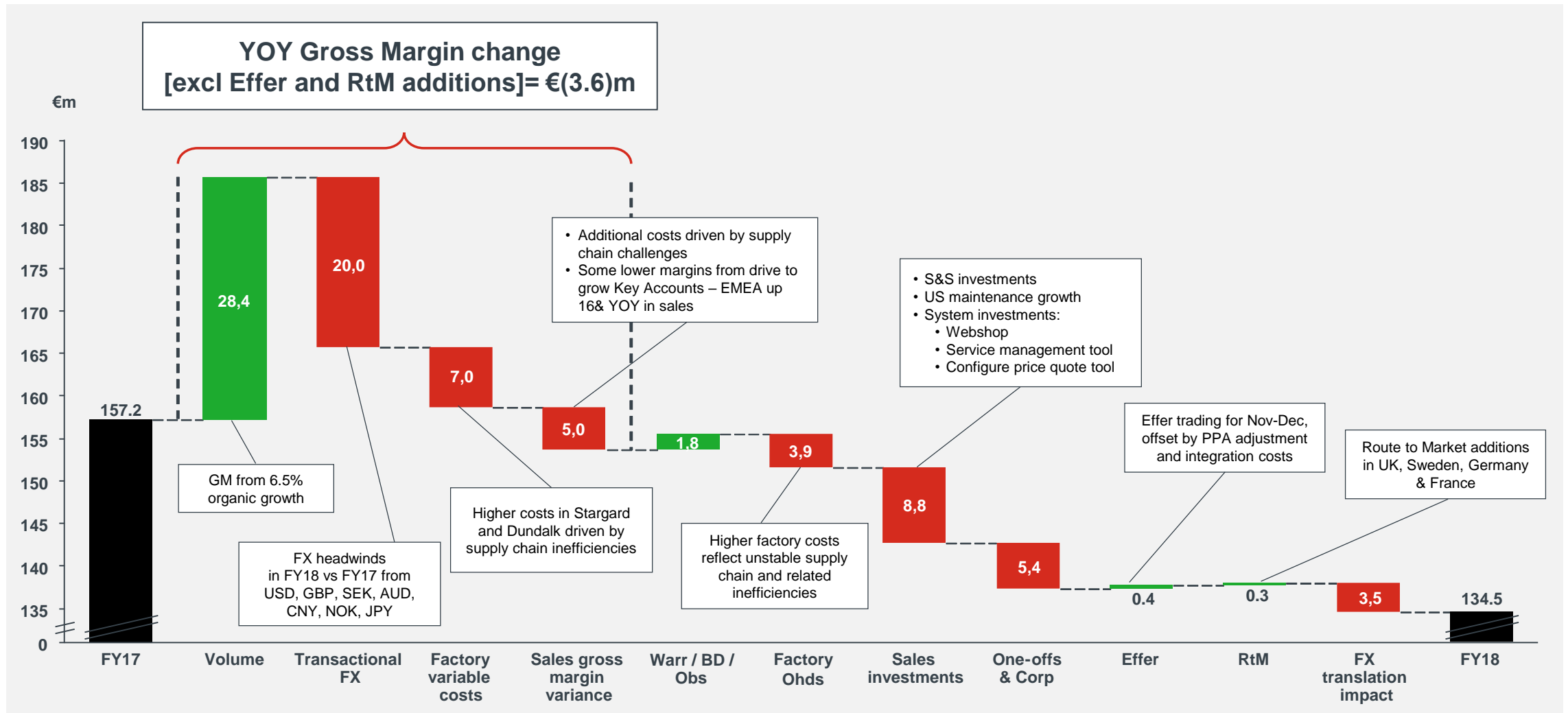
Business performance development



- Growth in all regions and all equipment segments
- Targeted investment into portfolio, services, productivity initiatives and digitalisation
- Operating profit declined, but +10% for 4th year running

- Continued service sales growth +6%
- Selected strengthening of service network and capability in Europe (UK, FR, GER, SWE)
- Global launch of Hiab ProCare™ R+M contracts

Operating Profit Bridge FY Actual 2018 vs 2017 (AER)



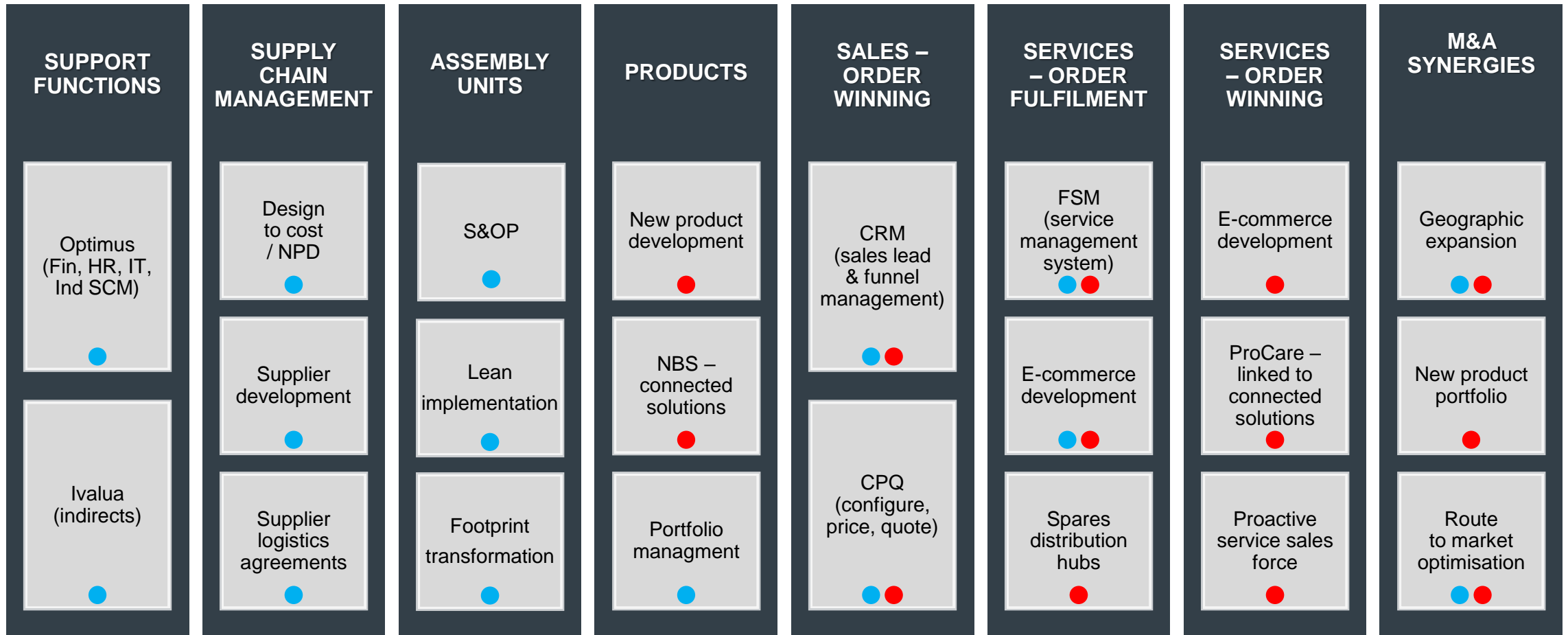
Addressing the supply chain challenge

We have been strategically and operationally addressing the challenges with a **dedicated task force and program** focusing on

- Our **business operations** - planning and managing demand and growth
- Improving on potential **bottlenecks** across the **total value chain**
- Specific activities to increase efficiency and output in **assembly operations**
- **Sourcing, supplier management & development, and competence**



Productivity & Growth



Selected 2018 highlights in our core business



EMEA Growth

19% growth in orders and 13% in sales YoY made EMEA the growth engine for Hiab in 2018



Demountables

Continued strong YoY growth with Germany +60%, defense business and launched new range MULTILIFT Ultima



Truck Mounted Forklifts

Application expansion like turf, beverage, or gas bottle distribution or emission-free urban night-time delivery



Tail Lifts

Strengthened key account and market development focus 9% sales growth YoY

From a strong global market position – building to expand our growth opportunity

	MARKET SIZE* (EUR billion)	KEY SEGMENTS	HIAB GLOBAL POSITION & TREND
LOADER CRANES 	~1.5	Construction and Logistics	#1-2 ↗
TAIL LIFTS 	~0.9	Retail Industry and Logistics	#1 ↗
DEMOUNTABLES 	~0.5	Waste and Recycling, Defense	#1 ↗
TRUCK MOUNTED FORK LIFTS 	~0.3	Construction and Logistics	#1 →
FORESTRY & RECYCLING CRANES 	~0.3	Timber, Pulp, Paper & Recycling	#2 →



Grow our equipment core business

Continue growth in core equipment categories*, applications and markets, grow market share

Segments & applications

Expand into new segments and applications, create market

Aftermarket

Address parts and services opportunity over lifecycle

Hiab serves customers across diverse industries

Within segments, counter-cyclical opportunities exist



CONSTRUCTION



DELIVERY LOGISTIC



BUILDING MATERIALS



AGRICULTURE



WASTE MANAGEMENT



RECYCLING



SPECIAL LOGISTICS



LANDSCAPING



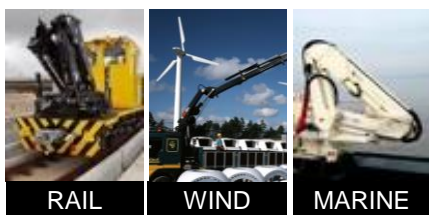
FORESTRY



DEFENSE



FIRE RESCUE



CUSTOM SOLUTIONS

Industry Segment Indicative Sales Mix 2018



Most important segments

- Construction and Building Material
- Delivery Logistic
- Waste & Recycling
- Timber, Paper & Pulp
- Defense Logistic
- Road & Rail
- Other

The market allows for continued growth in 2019

Demand Momentum

- Orders +13% YoY across all equipment and main geographies
- Order growth EMEA +19% and North America +8%
- Record order book €453m end Q4 2018

+

Positive Fundamentals

- Market remains positive -across all main geographies
- GDP growth, construction, new housing, or truck registrations
- Slowing growth, on high levels

+

Megatrends & Regulation

- Megatrends like consumption growth, urbanisation, automation, or sustainability
- Balance cycle or create new opportunities, e.g. regulation enforcing emission-efficient or alternative powered

Customer satisfaction and loyalty a major asset and obligation for Hiab to improve customer experience

Customers range from single truck owner-operator and small fleet owners

to international fleet and rental companies, across private and public sectors.

7.5/10

Average score stating Hiab is easy to do business with

7.7/10

Average score of how satisfied customers are with Hiab

74%

State 'highly likely' to choose Hiab at next equipment purchase

Hiab's customers

Ease of doing business

Overall Satisfaction

Re-Purchase Consideration

Service and Digital Solutions fundamental to customer experience and delivering business value

“

You can manage having good equipment and great service around them. But, you cannot manage great equipment – with poor service.

Senior Executive, ABC Supply, US

We used to plan service based on assumptions. HiConnect lets us plan service on actual usage, reducing the risk of costly downtime.

Andrew Hollingsworth, Fleet Technical Manager, Travis Perkins, UK

”

Further building our Services business

Install base: 135k heavy equipment + 250k TL

Commercial

- Sale of spare parts increased. Over 50% of sale through e-commerce platform serving over 50 countries
- Close to 3000 service contracts sold
- Hiab ProCare Total Repair + Maintenance offering launched in 5 markets and as global concept

Operational

- 15 new Hiab services workshops added in 2018 to increase customer service and capture higher service potential
- New way of measuring workstations and training in 5S method to ensure consistent high global service standards
- External utilisation increased
- High spare parts availability +98% stocked parts in US & EMEA. 95% for total parts



Digital progress in 2018

Digital Platforms:

- **HiVision** – new features including machine learning, object identification and additional hardware support (Lidar, Radar, IR)
- **HiConnect** – new features including equipment and operator performance, safety alerts, service history and planning

Digital applications:

- **HiConnect** fleet management – launched in top 5 markets for key accounts
- **HiVision** Forestry - now in 10+ markets with first re-purchases
- **HiVision** for MULTILIFT Ultima - assisted and semi-automated load operation
- **ProFlow** – Operations management for SMEs in Logistics – launched in Sweden



Hiab's digital solutions improve productivity



Efficiency & Safety

Hiab's award-winning VR based crane operation solution **HiVision** improves efficiency and safety, and attracts the next generation of operators

"Advantages of HiVision lie in the comfort and safety for the operator, increased payload, and of course in the attractiveness of the workplace."



Efficiency & Safety

HIAB cranes with smart solutions like **Crane Tip Control** or **Semi-automatic folding** increasing efficiency, safety and operator up-skilling

"Hiab's Crane Tip Control increases efficiency and accuracy, and makes us less dependant on available skilled operators for complex tasks."



Efficiency

New **MULTILIFT Ultima** with innovative solutions assisting and semi-automating load handling like visual assistance, positioning or digital weighing

"We look forward to the new MULTILIFT Ultima making the whole load handling operation more precise, safe, and efficient."

Hiab's digital solutions improve business productivity



Fleet Optimisation

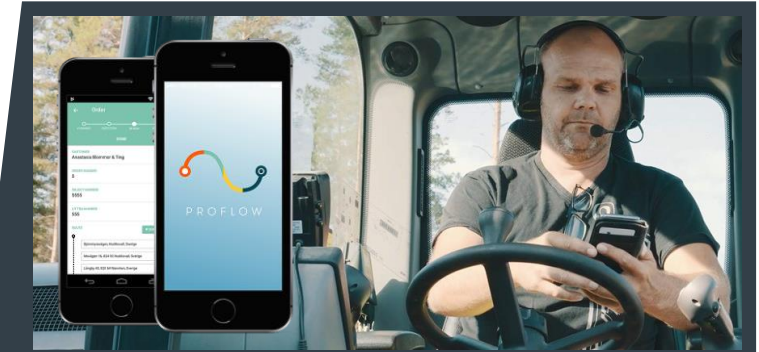
Based on connected equipment data, Hiab **HiConnect** provides real-time insights for customers to improve productivity of their fleet and operators.

“Hiab’s HiConnect is fantastic. It lets us know if we are using our equipment correctly, and if we are over or under utilising it.”



Customer Outcome

Decreased total cost of operations through reduction of idle-time, equipment mis-use, and manual work in administration and operations



Operations Management

ProFlow is a digital Hiab product developed based on a customer need for SMEs to optimise work order planning, workforce management and invoicing, end to end.

“ProFlow gives me a better overview and control over our assignments. The reduction in manual work has saved us 30 hours per week.”

Sustainable solutions make sense for business, operators, the environment - the wider community

“ *Using a Hiab ePTO crane is good for the environment and for me personally as my new work environment is so quiet. With Hiab ePTO we make a difference.*

Andreas Gideonsson, Bjännsjö Kranbilar, Sweden

The MOFFETT E-Series came along and helped benefit our business – because of the night-time deliveries. Being quiet and efficient. The E-series is just a world-beater.

Mike Pursill, Pets at Home, UK

”

Sustainable solutions benefit business, operator and society

Hiab has been a first mover in developing alternative powered and emission efficient solutions and is a clear leader in this space

- **Electric MOFFETT** truck mounted forklifts* and Hiab's **ePTO** (electric power take-off) for cranes and demountables
- Allowing **local emission free and silent operation**, e.g. for tightly regulated urban night time delivery, or end-point deliveries in buildings
- Addressing **increasing environmental regulation** affecting customer's business and operating windows in particular in urban deliveries
- Increasing **operator comfort, improving environment and society as a whole**
- Further sustainable innovations include the **Cyclone Oil Tank** reducing hydraulic oil usage, or **Solar Charger** as backup solution for tail lifts



*) in addition, development of new generation of Euro"Stage 5" standard compliant truck mounted forklifts with significantly reduced emissions



MOFFETT E-Series



Hiab ePTO Solution



Cyclone Oil Tank



Tail Lift Solar Charger



Hiab with customer Pets at Home was awarded the Quiet Logistics Award 2017 and FLTA awards for Silent Logistics, and with Miglas the Work Safe Award 2017



COMPANY

+

CUSTOMERS

+

COMMUNITY

Grow core and expand
into new segments and
applications

Superior customer
experience through
services and digital
solutions

Innovative and
sustainable solutions
impacting society

Addressing operations & securing long-term growth

Strong demand and positive **sales growth**, but opportunity to improve operations and **profitability**.

Strong **equipment position** and **installed base** a clear **opportunity** to pursue stronger **service growth**.

Favorable market situation for next year – while preparing the business against **headwinds**.

Capture further **growth opportunities**

- Grow core into new segments and applications
- Aftermarket & Services capturing the lifecycle of the customer
- Further expand digital and sustainable offering focusing on **high quality growth**.



