

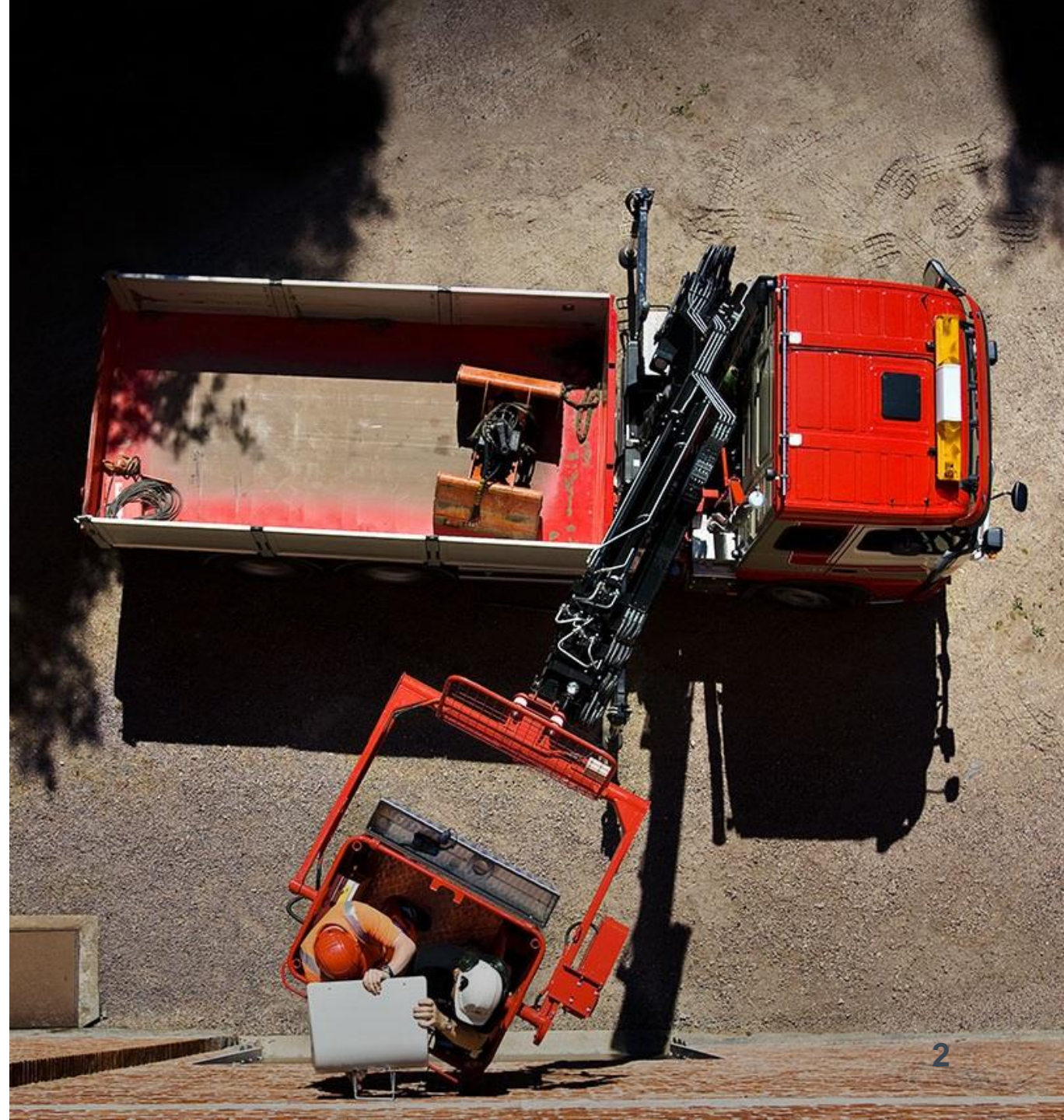
Handelsbanken Mid/Small Cap Seminar, 5 June 2019, Stockholm

Becoming the leader in intelligent cargo handling

Mika Vehviläinen, CEO

Content

1. Cargotec in brief
2. Investment highlights
3. Recent progress



Cargotec in brief



Strong global player with well-balanced business

Sales:
EUR 3,304 million
EBIT: 7.3%

Kalmar

Sales: **EUR 1,618 million**
 EBIT: **8.9%** (EUR 143.6 million)

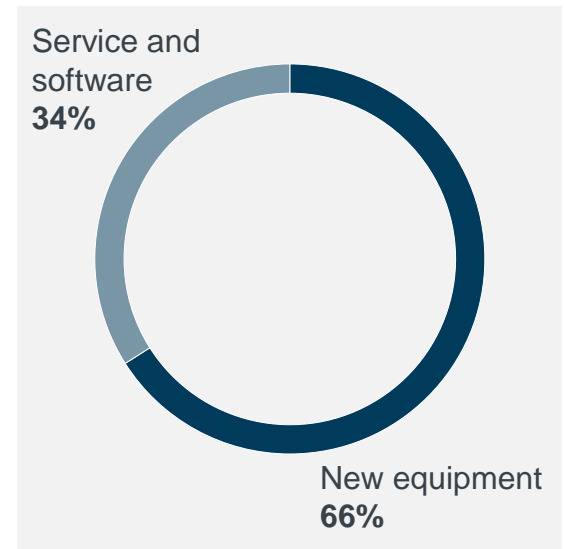
Hiab

Sales: **EUR 1,149 million**
 EBIT: **11.7%** (EUR 134.5 million)

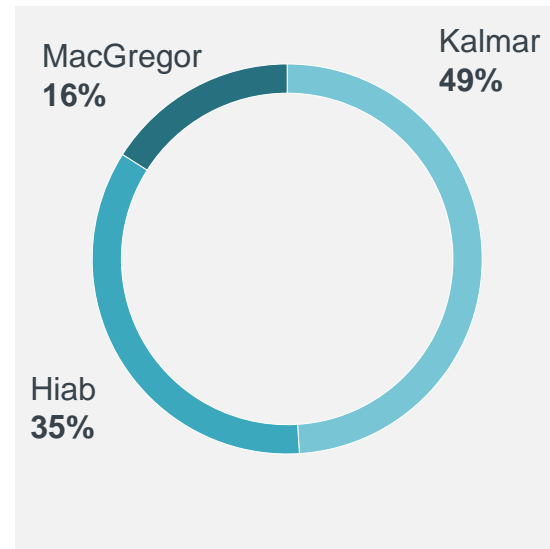
MacGregor

Sales: **EUR 538 million**
 EBIT: **-0.3%** (EUR -1.6 million)

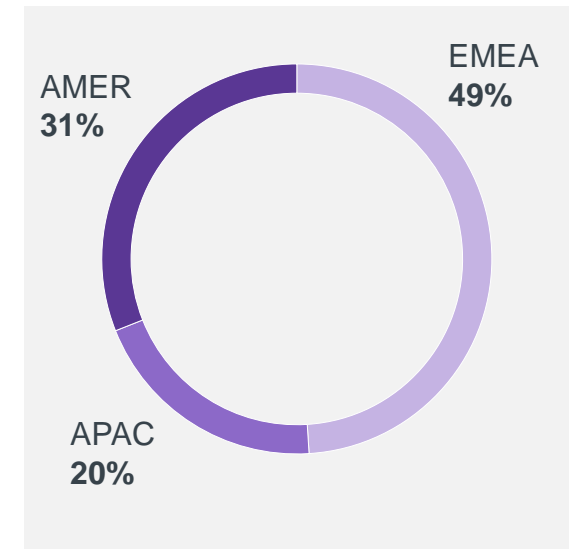
Sales split: new equipment vs service and software



Sales by business areas



Sales by geographical area



Strengths we are building upon

Leading market positions
in all segments

Strong brands

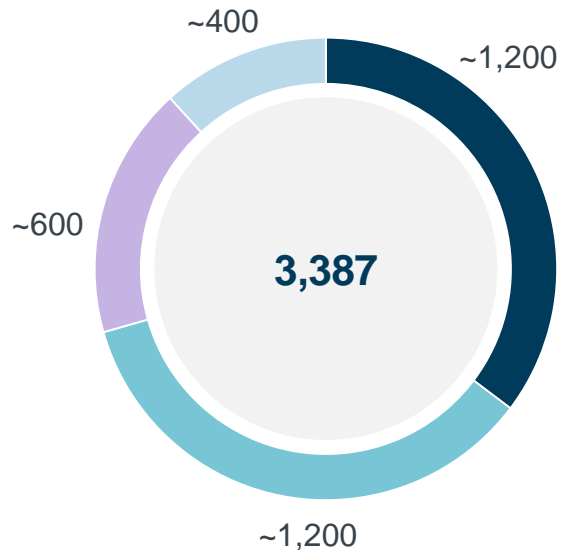
Loyal customers

Leading in technology

Currently two businesses performing well

Net sales* in Q2/18-Q1/19

EUR million



- Kalmar equipment
- MacGregor
- Hiab
- Kalmar APD and software

	Trend in orders, last 12 months	Profitability: Comparable EBIT margin
Kalmar software (Navis) and Automation and Projects division	➔	Low due to long term investments
MacGregor	+19%	-0.2%
Hiab	+14%	11.1%
Kalmar equipment and service (excluding Automation and Projects Division & Navis)	➔	Low double digit

* Figures rounded to closest 100 million

Investment highlights



1. Technology leader and strong market positions, leading brands in markets with long term growth potential

Global megatrends

- Globalisation and trade growth
- Urbanisation
- Growing middle class

Growth drivers

- Container throughput growth
- Construction activity
- Automation
- Digitalisation

Competitive advantages

- Strong brands
- Full automation offering
- Technology leadership

Market position

- #1 or #2 in all major segments

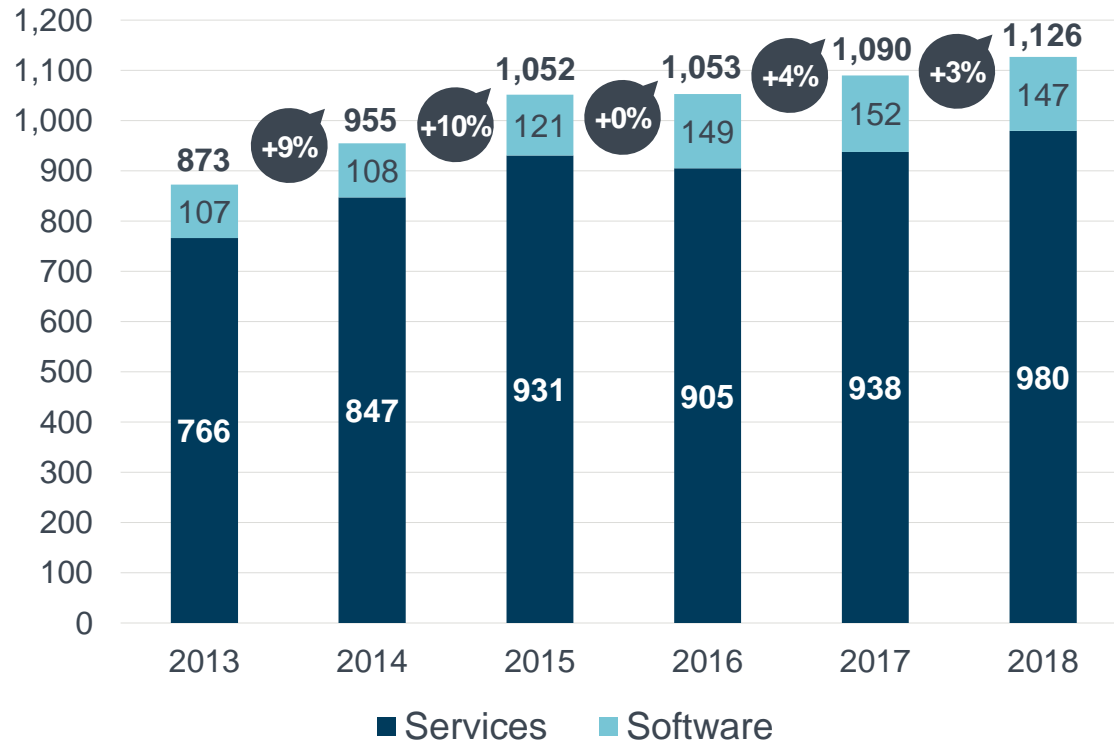
2. Our vision is to become the global leader in intelligent cargo handling

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

3. Growing service & software business and asset light business model are increasing stability

Service and software* sales

MEUR



Asset light business model with a flexible cost structure

- Kalmar and Hiab: efficient assembly operation
- MacGregor: efficient project management and engineering office: > 90% of manufacturing and 30% of design and engineering capacity outsourced
- No in-house component manufacturing

Next steps to increase service and software sales:

- Improve service offering through digital solutions
- Build on Navis position as industry leader
- Increase spare parts capture rates
- Boost service contract attachment rates

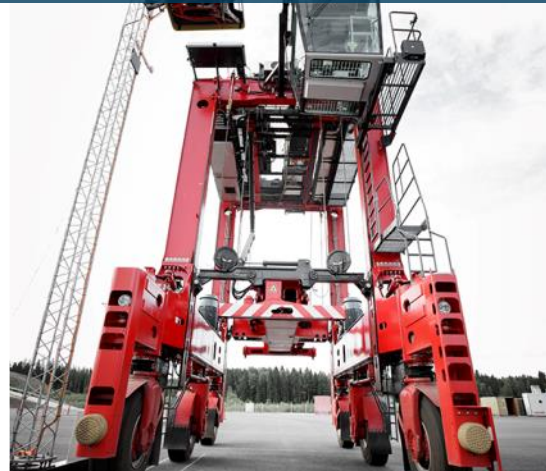
4. Industry mega trends support long term growth in automation and software

Mega vessels



Efficiency demands increase as marine transport continues to grow. Larger ships require capacity improvements from port operators.

Sustainability



Strict emission requirements & growing concern for the environment increase the demand for more intelligent machines with smaller environmental impact.

Industry consolidation



New alliances between shipping lines are impacting container traffic flows and setting new efficiency standards for port operators.

Digitalisation & automation



Digital and automated solutions provide new possibilities for port operators to improve efficiency, safety and sustainability.

5. Clear plan for profitability improvement and to reach financial targets

Growth

Target to grow faster than market

- Megatrends and strong market position supporting organic growth
- M&A potential

Service and software

Targeting service and software sales 40% of net sales, minimum EUR 1.5 billion in 3-5 years*

Balance sheet and dividend

Target gearing < 50% and increasing dividend in the range of 30-50% of EPS, dividend paid twice a year

Profitability

Target 10% operating profit and 15% ROCE in 3-5 years*

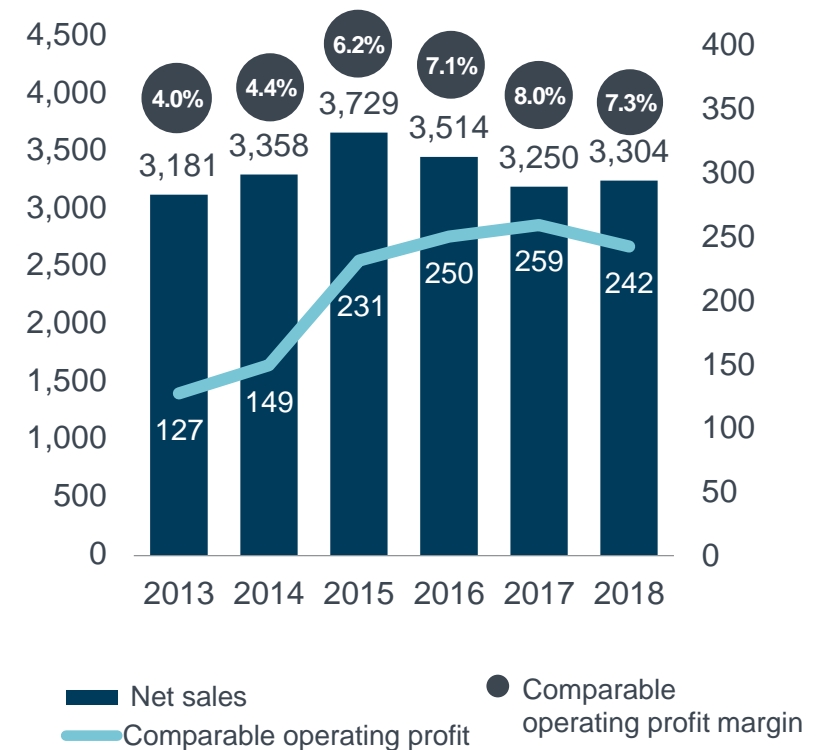
Higher service and software sales key driver for profitability improvement

Cost savings actions:

- 2020 EUR 30 million (indirect purchasing and new Business Services operations)

Product re-design and improved project management

Sales and comparable operating profit development



*Target announced in September 2017

Recent progress



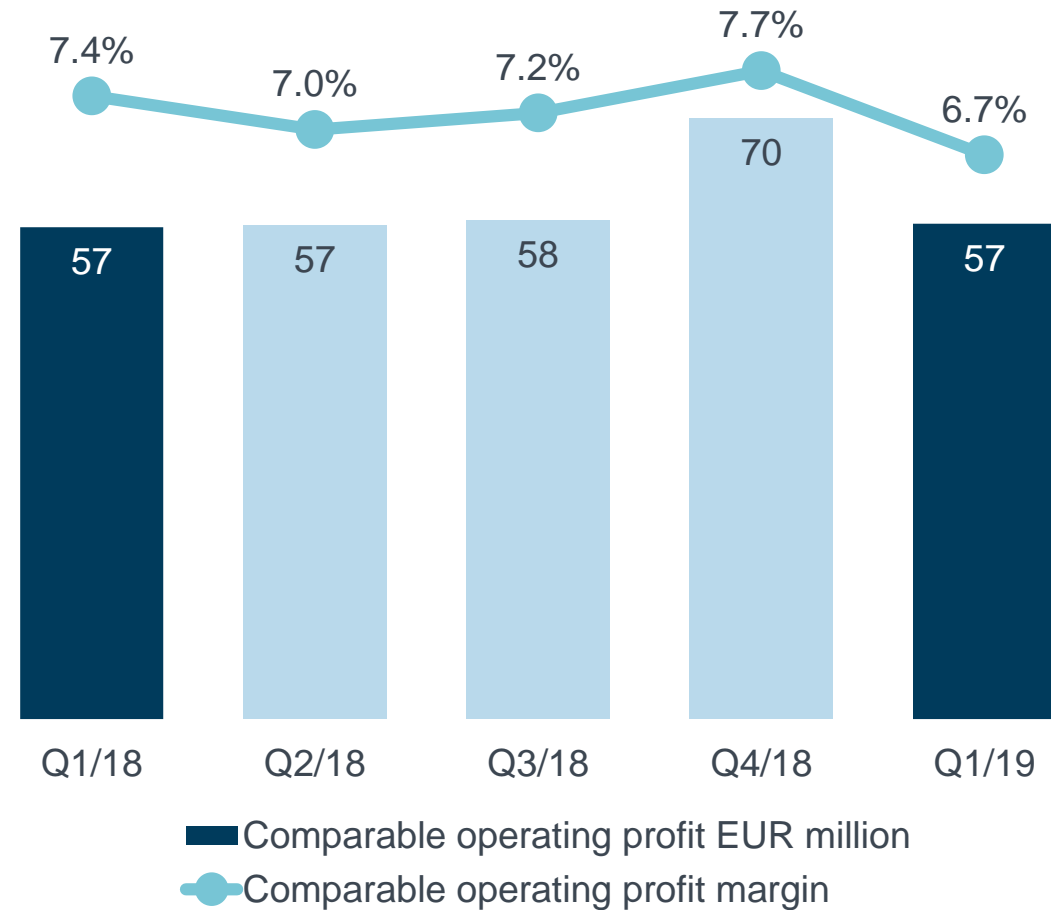
Highlights of Q1 2019 – Orders received increased in all business areas

Orders received increased for the fifth consecutive quarter

- Orders increased 18%
 - Kalmar +19%
 - Hiab +11%
 - MacGregor +33%

Comparable operating profit at last year's level

- Kalmar's comparable operating profit increased
- Hiab burdened especially by supply chain bottlenecks
- MacGregor slightly positive



Market environment in Q1 2019

Global container throughput at last year's level

- Customers are starting automation projects mainly with phased investments

Construction activity on good level

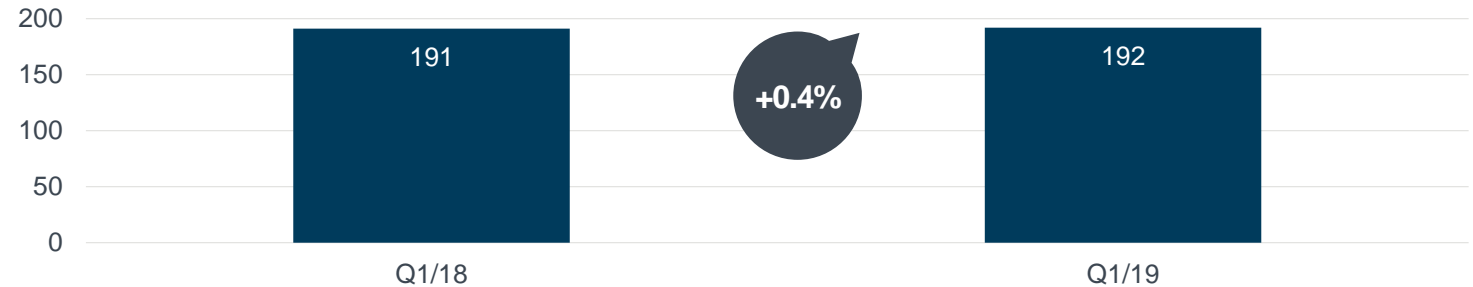
- Good development continued in Europe and the US

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

- In offshore, activity remained on a low level

Global container throughput (MTEU) – Key driver for Kalmar

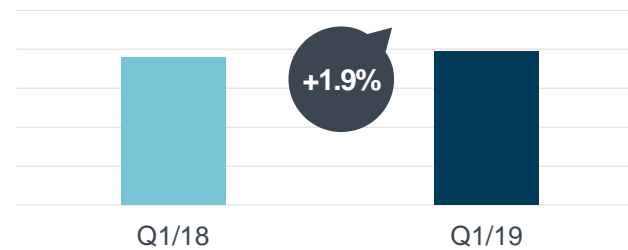
Source: Drewry



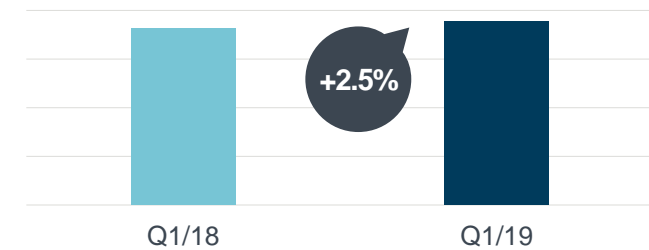
Construction output – Key driver for Hiab

Source: Oxford Economics

United States



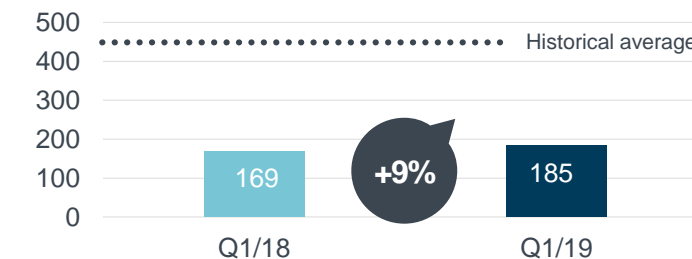
Europe



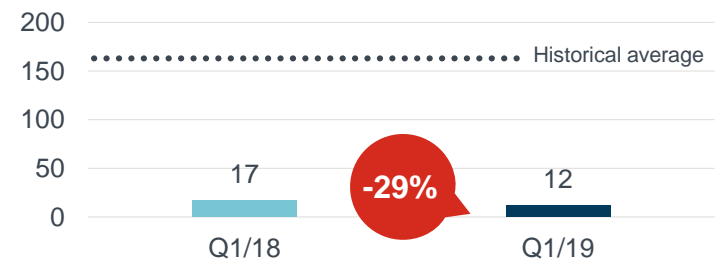
Long term contracting – Key driver for MacGregor

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

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



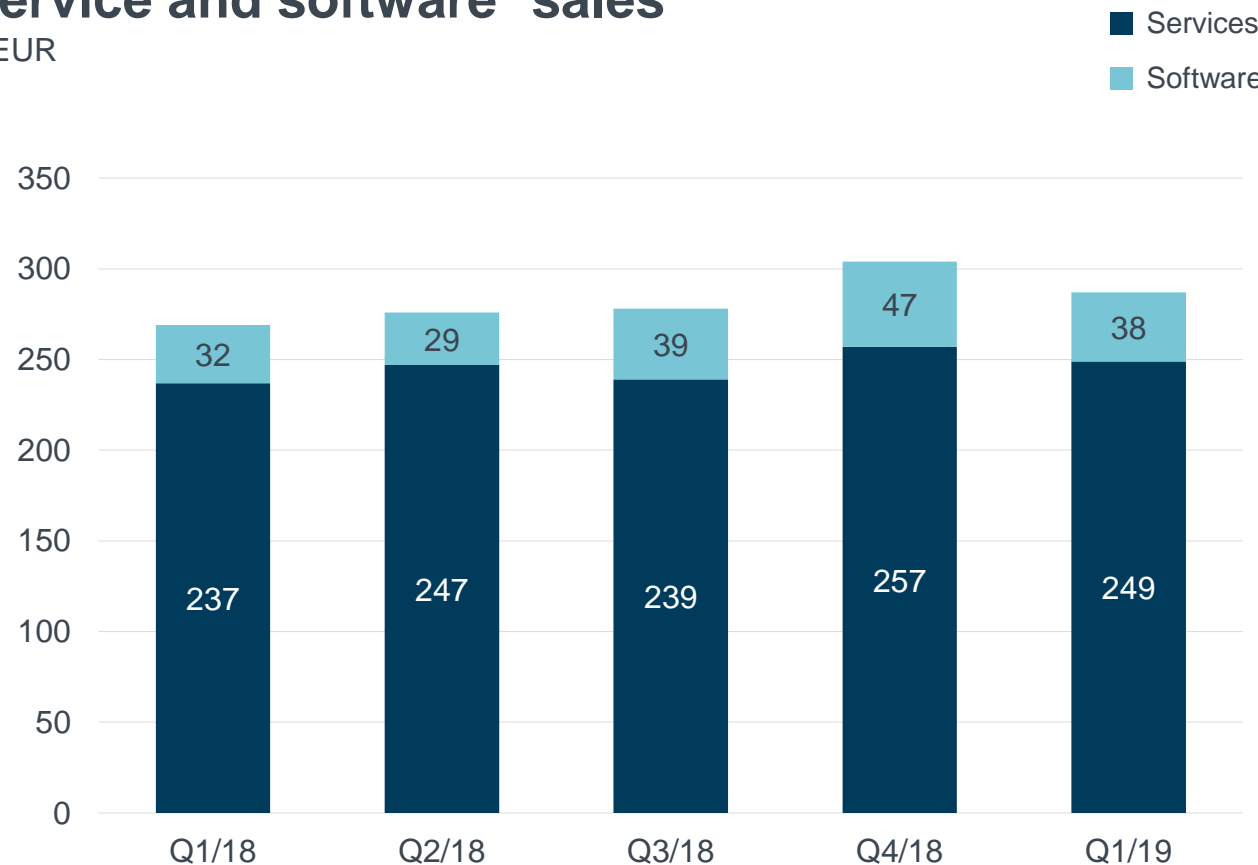
Mobile offshore units



Growth in service and software sales continued

Service and software* sales

MEUR



*Software sales defined as Navis business unit and automation software

Q1 2019 service sales +5%

- Kalmar at last year's level
 - +5% in comparable FX and adjusted for divestments
- Hiab +11%
- MacGregor +8%
- Total service sales +5% in comparable FX and adjusted for acquisitions and divestments

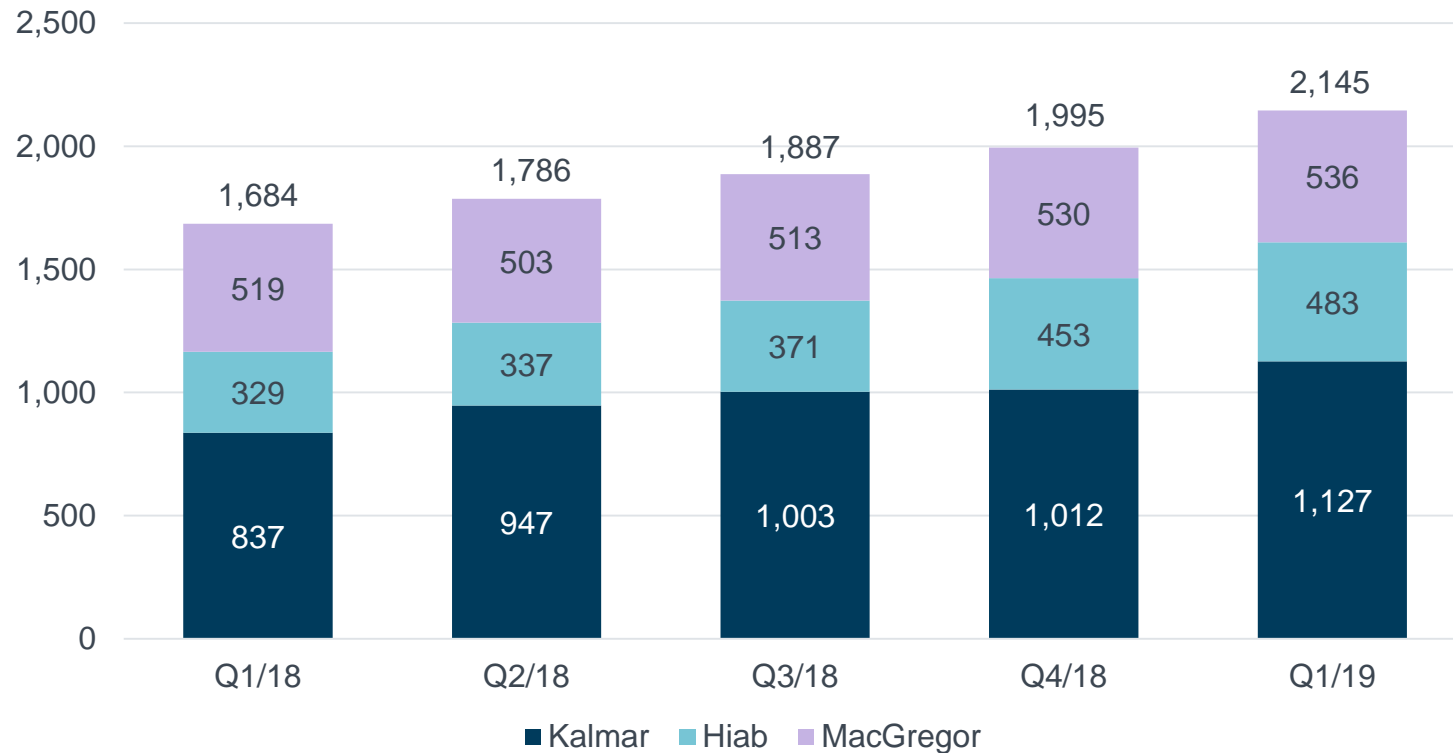
Software sales +18% and orders +56% in Q1/19

Service and software sales constitute 33% of total sales

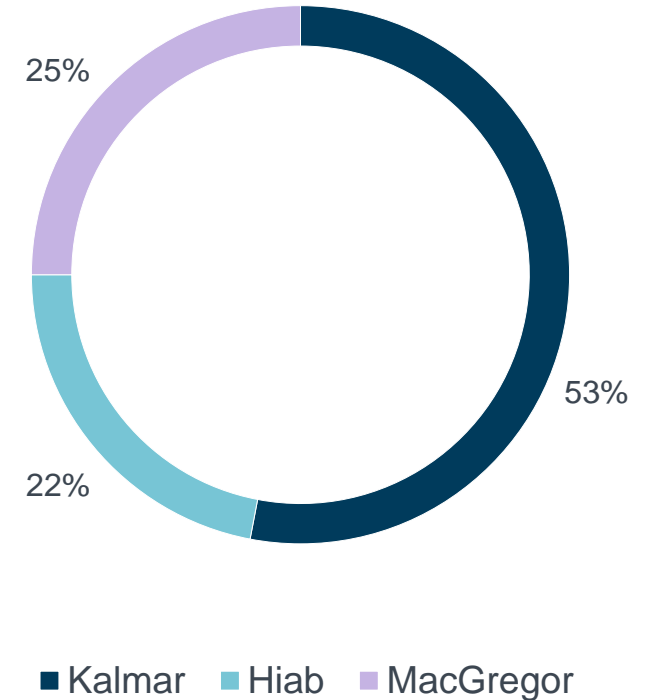
Order book 27% higher than in Q1/18

Order book

MEUR



Order book by reporting segment, Q1 2019





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).

THANK YOU!