

17 July 2020

Solid performance in an exceptional environment

Cargotec's January–June 2020 half year financial
report

Mika Vehviläinen, CEO • Mikko Puolakka, CFO

- Demand and our delivery capability improving
- Service and software resilient
- Rapid actions visible in comparable operating profit
- Strong financial position, total liquidity 970 MEUR
- Our climate ambition is to be a 1.5 degree company

Contents

- Group level development
- COVID-19 situation
- Business areas
- Financials and outlook
- Strategic progress in Q2
- 1.5°C climate ambition



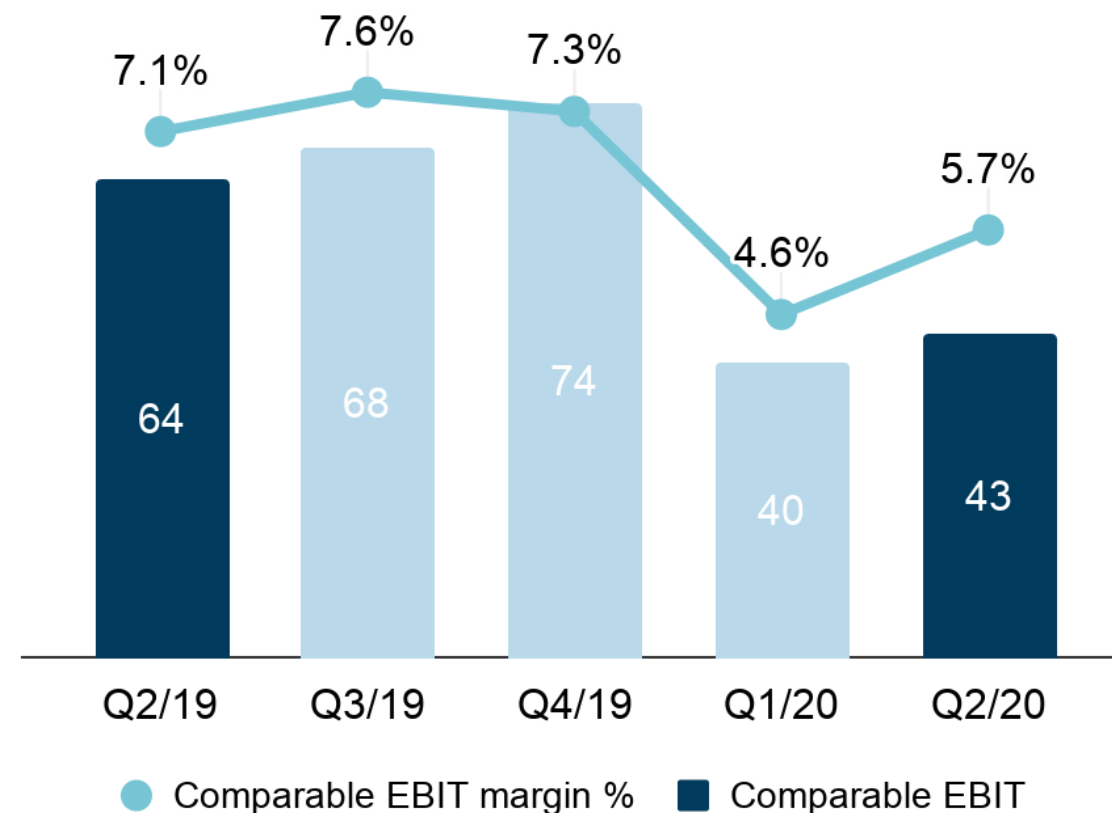
Highlights of Q2 2020 – Strong Covid-19 impact in early Q2, gradual improvement throughout the quarter

Orders received decreased by 27%

Sales decreased by 17% compared to Q2/2019 level

Comparable operating profit decreased by 33%

- Kalmar -7 MEUR from Q2/2019
- Hiab -26 MEUR from Q2/2019
- MacGregor +7 MEUR from Q2/2019



The coronavirus pandemic affected Cargotec in Q2/20

Safety of our personnel and customers top priority

Group-wide focus on safeguarding business continuity, cash flow and adjusting cost structure

- Temporary cost savings effective, approximately 10 MEUR per month

Demand recovering month-by-month

- Uncertainty and restrictions set by authorities slowed decision making and weakened orders received
- No major order cancellations
- Europe and APAC more robust than Americas
- Services and software relatively stable

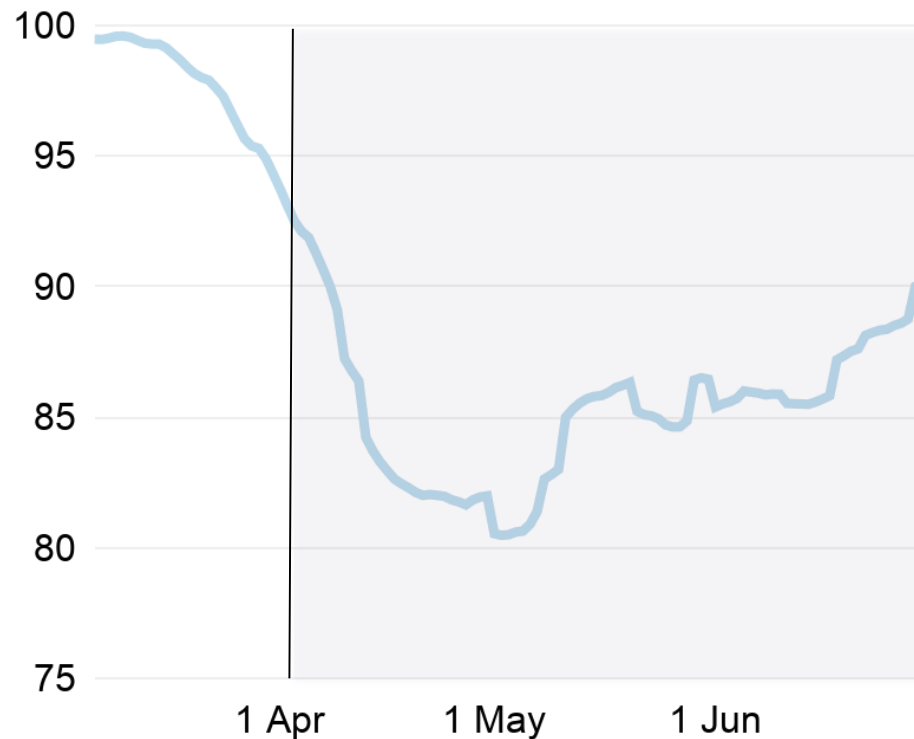
Our delivery capability improved during the course of Q2

- All assembly units back in operation by June
- Component supply normalising
- Some delays in delivery schedules, limited access for specialists



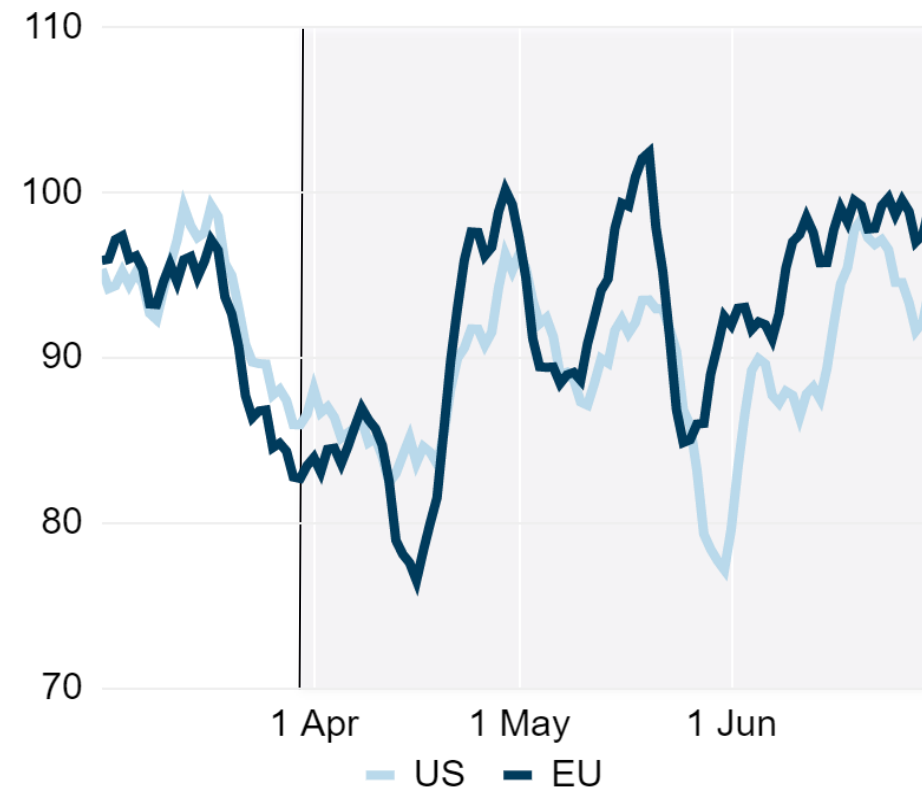
Hiab loader cranes usage on February level in Europe, Kalmar's equipment data shows steady recovery

Kalmar Mobile Solutions, indexed running hours¹



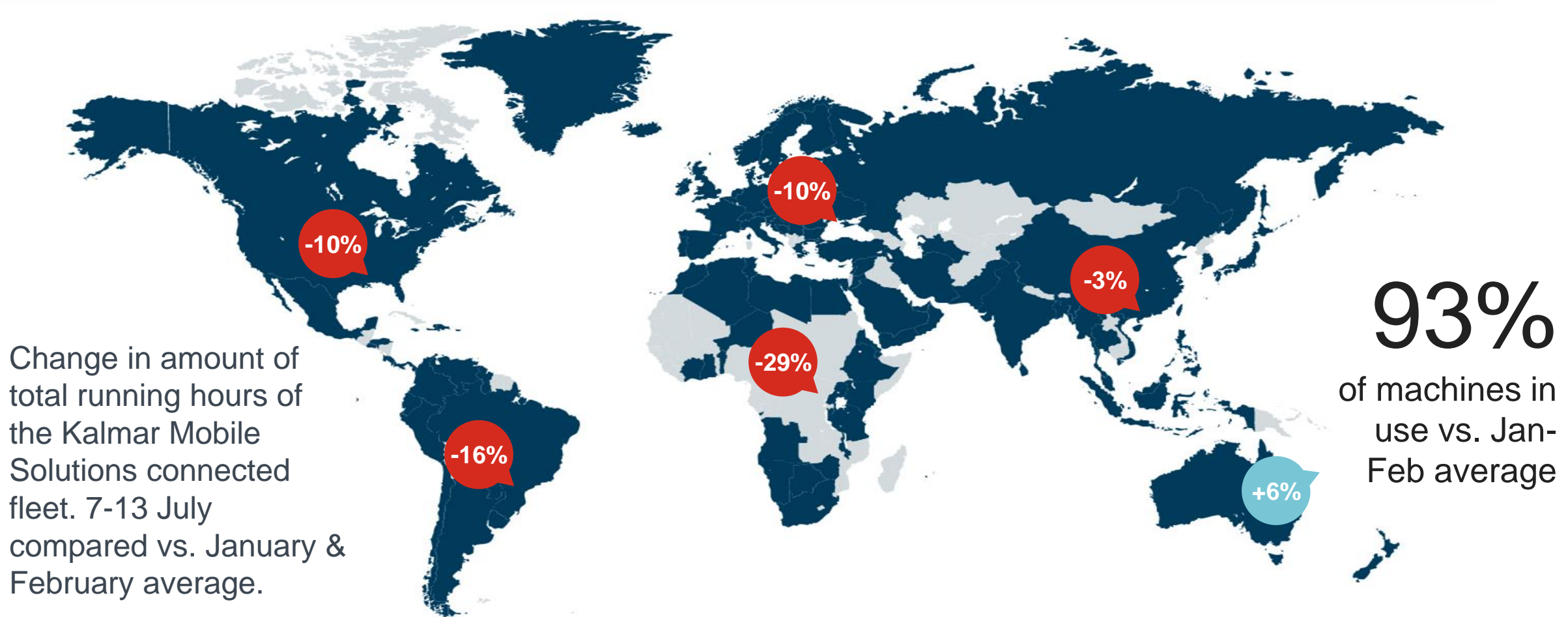
¹Global running hours of Kalmar Mobile Solutions' connected equipment. 28 day indexed average comparison with February 2020 average.

Hiab, loader cranes' activity index²



²Activity index of Hiab's connected loader cranes. Activity compared to previous 6 month average, 100 = February high

Gradual improvement in equipment running hours



Market environment

Number of containers handled at ports declined

- Customers are postponing decision-making in major investments

Construction activity decreased in Europe and US

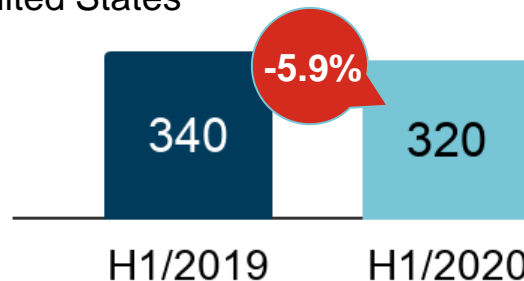
In the merchant sector orders and activity decreased from an already low level while offshore remained at a historically low level

Global container throughput (MTEU)¹ – Key driver for Kalmar

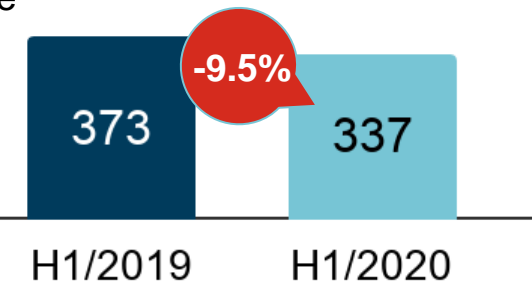


Construction output² – Key driver for Hiab

United States

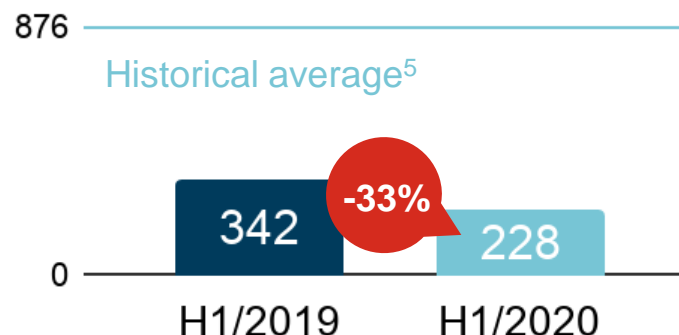


Europe

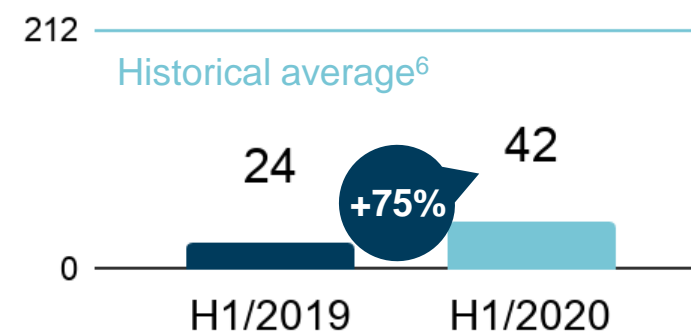


Long term contracting – Key driver for MacGregor

Merchant ships³

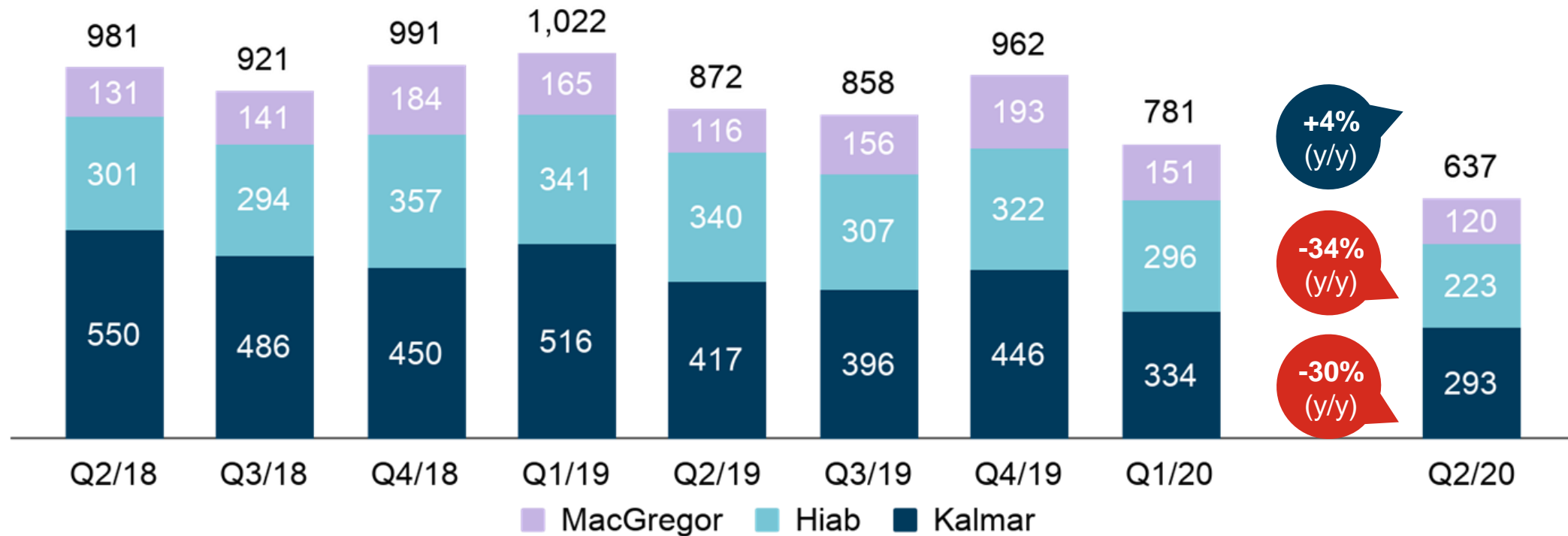


Offshore mobile units⁴



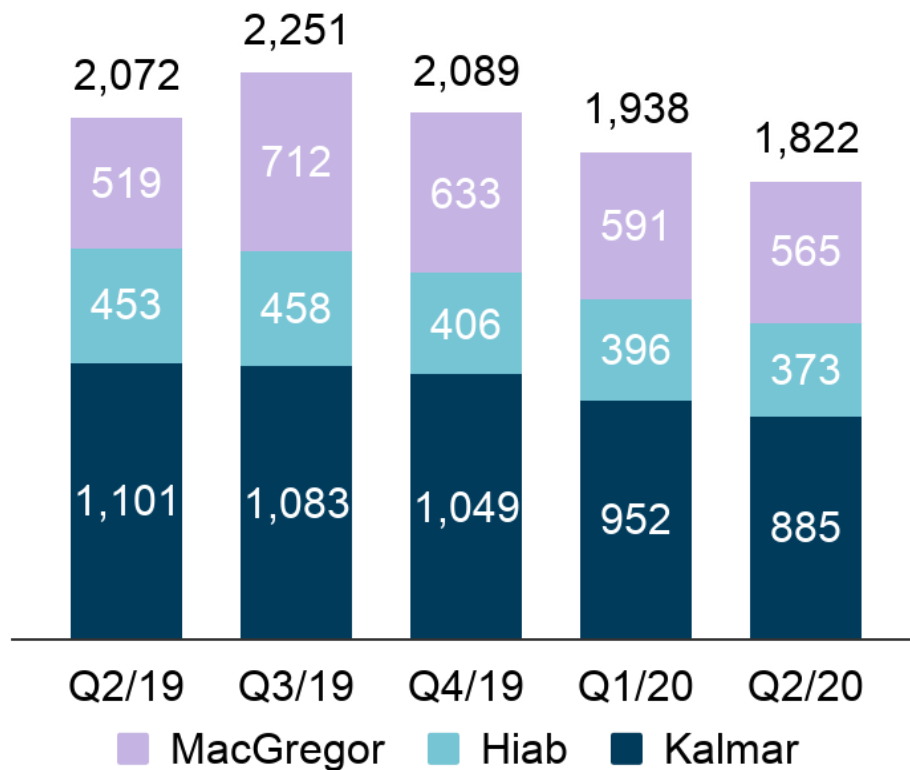
Orders expected to have reached bottom in Q2

MEUR

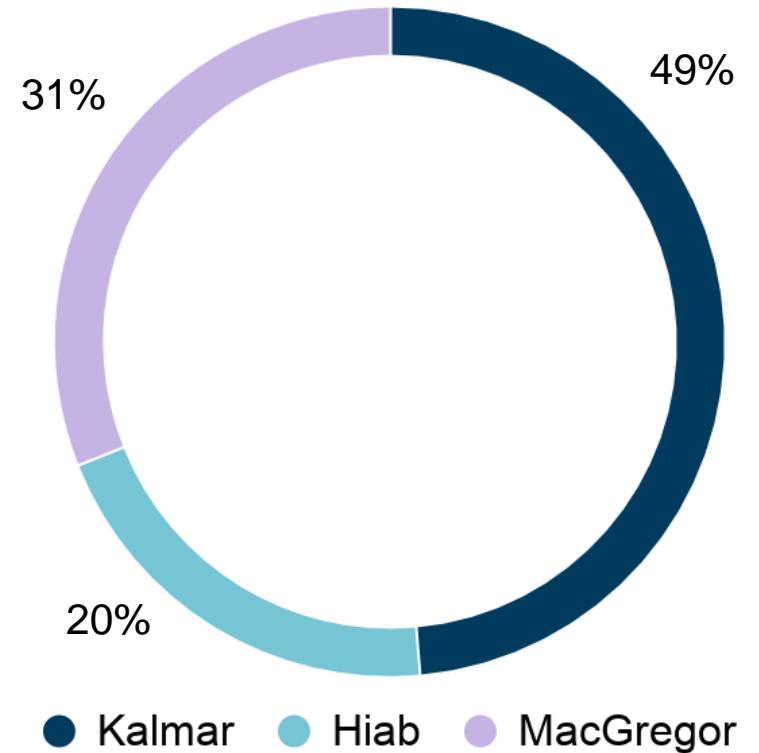


Order book on a good level in all business areas

Order book
MEUR

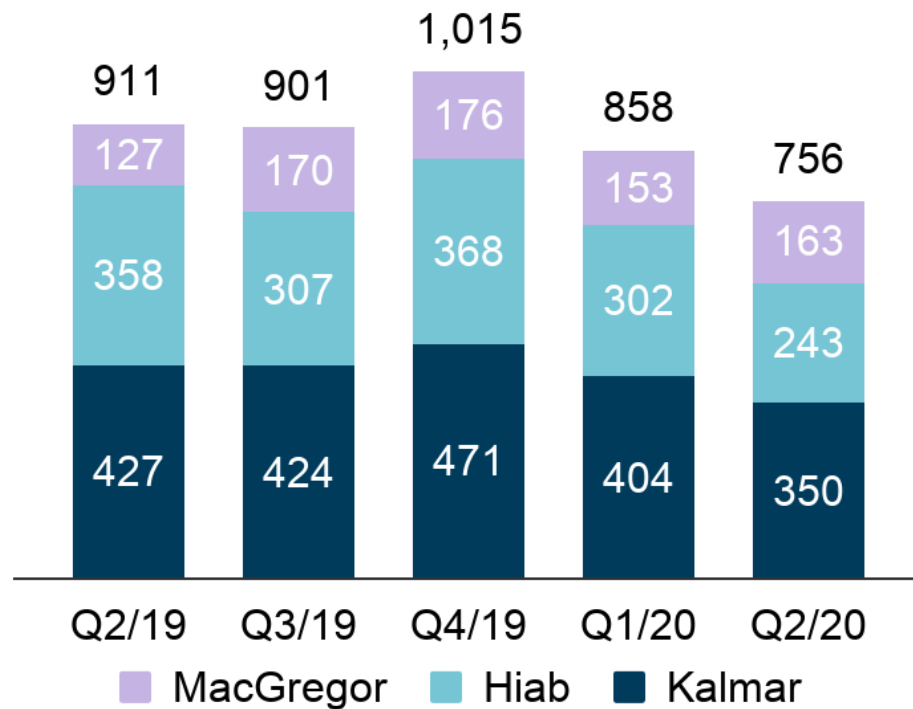


Order book by reporting
segment, Q2 2020

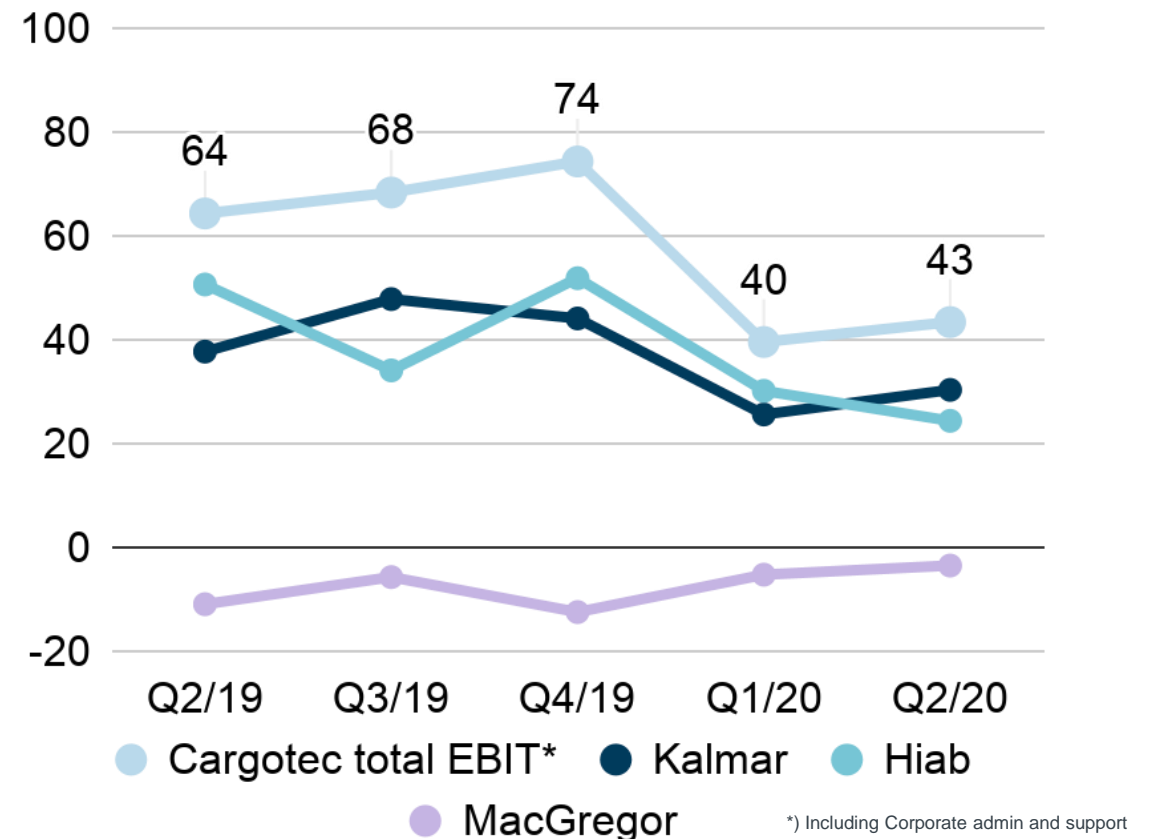


Sales decreased, gradual recovery during the quarter

Sales MEUR



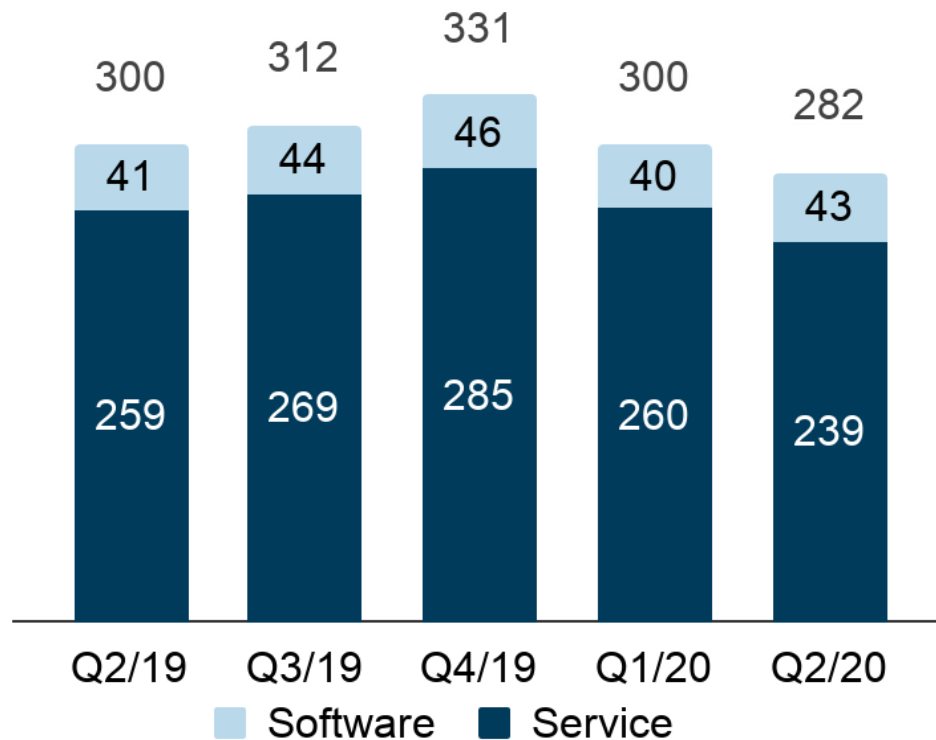
Comparable operating profit MEUR



Software sales increased, Services resilient

Service and software* sales

MEUR



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

Q2/20 service sales -8%

- Kalmar -7%
- Hiab -18%
- MacGregor +7%

Decline in Hiab due to reduction in installations and accessories, driven by lower new equipment sales

Software sales +5%

Service and software 37% of total sales

Business areas

Cargotec's half year financial report
January–June 2020



Kalmar Q2 – Recovering customer activity towards the end of the quarter

Orders received declined in Automation & Projects and mobile equipment

Sales increased in Automation and Projects but decreased in mobile equipment

Service sales decreased by 7%, software sales increased by 5%

Comparable operating profit margin remained stable

- Sales mix
- Productivity improvements
- Temporary cost savings

MEUR	Q2/20	Q2/19	Change
Orders received	293	417	-30%
Order book	885	1,101	-20%
Sales	350	427	-18%
Comparable operating profit	30	38	-20%
Comparable operating profit margin	8.6%	8.8%	-20bps



Hiab Q2 – Good comparable operating profit margin despite of decline in sales

Orders received and sales decreased in all regions

- Service sales decreased by 18%

Comparable operating profit decreased to 24 MEUR due to lower volumes

Comparable operating profit margin remained at a good level

- Higher share of Services and asset light operating model support margin
- Productivity improvements
- Temporary cost savings

MEUR	Q2/20	Q2/19	Change
Orders received	223	340	-34%
Order book	373	453	-18%
Sales	243	358	-32%
Comparable operating profit	24	51	-52%
Comparable operating profit margin	10.0%	14.1%	-410bps



MacGregor Q2 – Comparable operating profit improved

Orders received increased by 4%

Sales increased by 28%

- Service sales +7%

Comparable operating profit increased

- Restructurings savings
- Merchant solutions sales increased

Productivity improvements ongoing

- 2020 savings target 18 MEUR
- 7 MEUR from cost savings achieved during H1, remaining 11 MEUR expected for H2

MEUR	Q2/20	Q2/19	Change
Orders received	120	116	4%
Order book	565	519	9%
Sales	163	127	28%
Comparable operating profit	-4	-11	68%
Comparable operating profit margin	-2.2%	-8.7%	650bps



Financials and outlook

Cargotec's half year financial report
January–June 2020



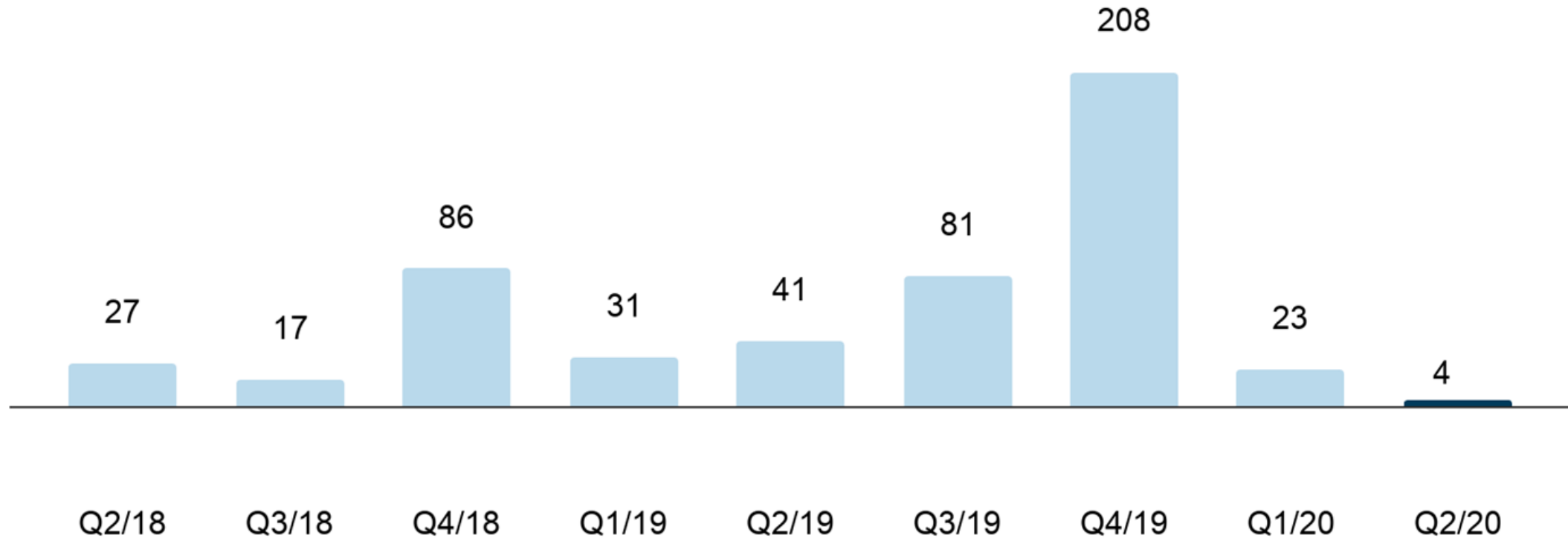
Key figures – Q2 comparable operating profit on good level

	Q2/20	Q2/19	Change	H1/20	H1/19	Change
Orders received, MEUR	637	872	-27%	1,417	1,894	-25%
Order book, MEUR	1,822	2,072	-12%	1,822	2,072	-12%
Sales, MEUR	756	911	-17%	1,614	1,767	-9%
Comparable operating profit, MEUR	43	64	-33%	83	122	-32%
Comparable operating profit, %	5.7%	7.1%	-130bps	5.1%	6.9%	-180bps
Items affecting comparability, MEUR	-63	-11	<-100%	-76	-18	<-100%
Operating profit, MEUR	-20	53	<-100%	7	104	-93%
Operating profit, %	-2.6%	5.8%	-840bps	0.4%	5.9%	-550bps
Net income, MEUR	-36	29	<-100%	-25	60	<-100%
Earnings per share, EUR	-0.56	0.45	<-100%	-0.39	0.93	<-100%
Earnings per share, EUR*	-0.30	0.57	<-100%	0.01	1.12	-99%
ROCE, %**	3.4%	9.6%	-620bps	3.4%	9.6%	-620bps

Cash flow remained positive

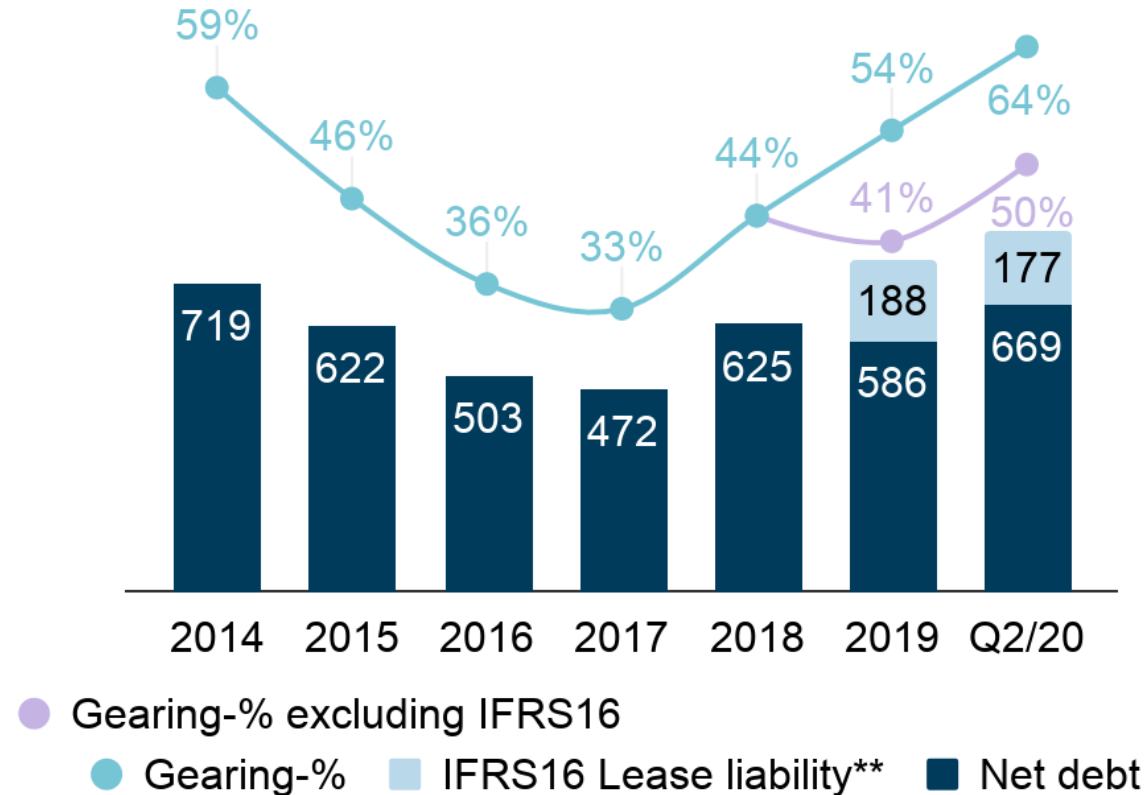
Cash flow from operations before financing items and taxes

MEUR



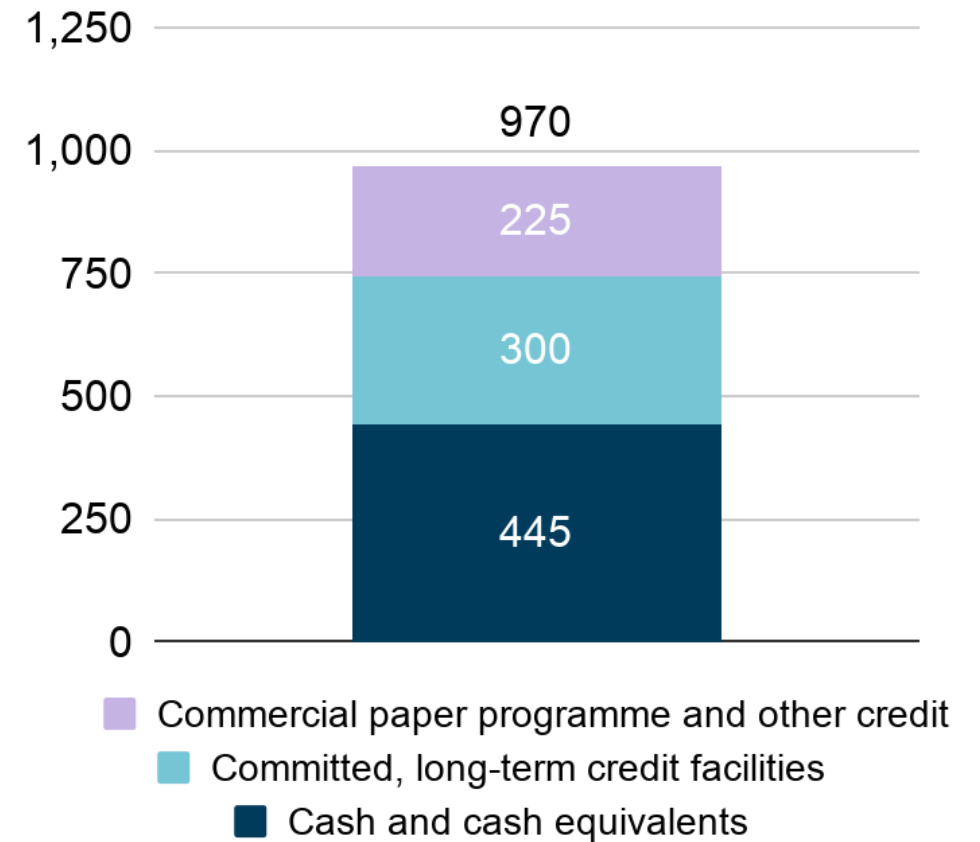
Strong financial position and liquidity

Net debt & gearing
MEUR



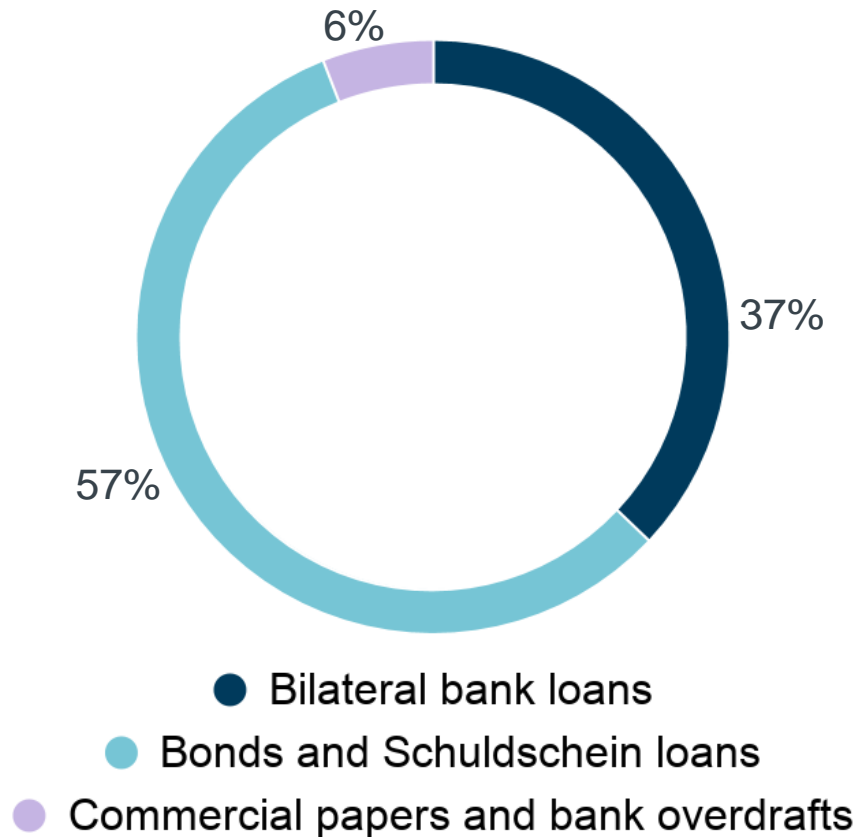
*Cargotec adopted the IFRS 16 standard on 1 Jan 2019.

Total liquidity, 30 June 2020

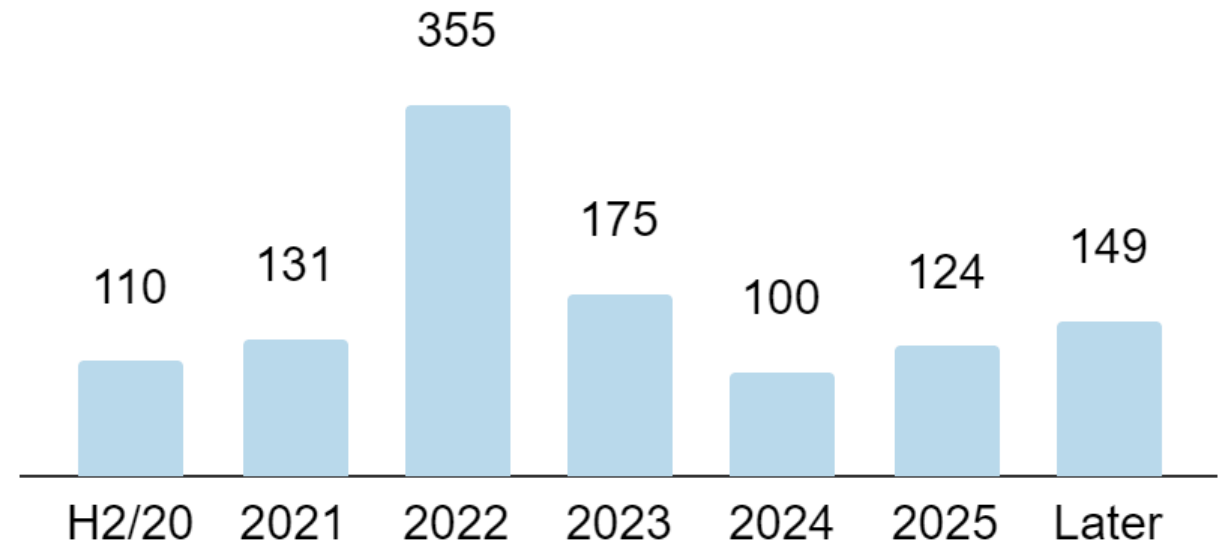


Balanced debt portfolio - no major repayments in the coming years

Loan structure, 30 June 2020



Repayment schedule of interest-bearing liabilities excluding finance lease
MEUR



Outlook for 2020

Visibility towards the end of the year is still weak

In the current exceptional situation Cargotec estimates that it is not able to give a guidance for the year 2020

Cargotec estimates its business and operating environment to develop in H2/20 as follows:

- The recovery of market activity continues
- The delivery capability of Cargotec and its supply chain continues to improve
- Productivity improvements support profitability in the future as well



Strategic progress and climate ambition

Cargotec's half year financial report
January–June 2020



We continue executing our strategy

Driving our productivity

- Sale of joint venture Rainbow-Cargotec
- Contract manufacturing of Indital products and closing of Bangalore multi-assembly unit
- Headcount reduced by 429 during H1
- External workforce reduction approximately 1 MEUR per month
- Restructuring costs 72 MEUR in Q2

Enabling sustainable long-term value creation

- Commitment to UN's Business Ambition for 1.5°C
- Signing of *Uniting Business and Governments to Recover Better* statement
- Increased investments in electrification, automation, software and robotics



1.5

**DEGREE
COMPANY**

Let's reduce CO₂ emissions at least 50 percent by 2030.
This is critical for limiting global warming to 1.5 degrees.

Disclaimer

This report provides estimates on future prospects involving risk and uncertainty factors, and other factors as a result of which the performance, operation or achievements of Cargotec may substantially deviate from the estimates. Forward-looking statements relating to future prospects are subject to risks, uncertainties and assumptions, the implementation of which depends on the future business environment and other circumstances, such as the development of the coronavirus pandemic.

