Cargotec's Interim Report
January–March 2007
Q1

Cargotec

Cargotec's Interim Report for January–March 2007

- Orders received during the first quarter were record high totaling EUR 915 (1–3/2006: 805) million.
- The order book grew due to the strong order intake and on March 31, 2007 totaled EUR 1,811 (December 31, 2006: 1,621) million.
- First quarter net sales grew by 13 percent and amounted to EUR 694 (1–3/2006: 614) million.
- Operating profit improved to EUR 57.9 (1–3/2006: 50.9) million.
- Cash flow from operating activities before financial items and taxes totaled EUR 52.1 (1–3/2006: 40.6) million.
- Net income for the reporting period amounted to EUR 39.4 (1–3/2006: 33.9) million.
- Earnings per share were EUR 0.62 (1–3/2006: 0.52).
- General market activity is expected to remain healthy. Development of the services business will continue during the year in line with Cargotec's strategy. Following the record high order intake in the first quarter Cargotec's full year 2007 order intake is expected to surpass net sales. Net sales growth including acquisitions is expected to clearly exceed 10 percent. Cargotec's operating margin in 2007 is expected to be on the level of last year's operating margin from operations before on-going growth and efficiency related investments as well as purchase price allocation treatment of acquisitions.

Operating Environment

As a result of the good economic situation and increased truck registrations in Europe demand for Hiab's load handling equipment was strong. Severe winter storms in certain parts of Europe boosted demand for forestry cranes and their spare parts. In North America, particularly in the United States, the market for truck-mounted forklifts used in building materials supply weakened year on year, as expected. Although the fall in new truck registrations eroded the demand for Hiab's tail lifts in the U.S., the market for Hiab's loader cranes remained stable in North America. In Asia Pacific, Hiab's load handling equipment markets remained buoyant. Strong demand for scrap metal, especially in Japan, had a positive impact on recycling crane markets. Demand for services provided by Hiab continued to be high during the reporting period.

Healthy demand for Kalmar's container handling equipment continued in Europe and Asia in the first quarter of 2007. In Europe, demand was particularly buoyant for reach-stackers. With respect to heavy industrial equipment, demand for Kalmar's products was lively, especially in Central Europe while demand remained healthy in the Middle East. In the Americas, the markets for heavy industrial and container handling equipment stabilized as compared to late 2006. Demand for Kalmar's services remained high. In all markets, the utilization rate of container handling equipment was higher than in 2006, increasing demand for both maintenance and repairs. Kalmar signed a large number of new service contracts. Customers have increasingly continued to outsource their services activities in order to cut costs, increase their operational flexibility and ensure availability of professional services.

Demand for MacGREGOR's marine cargo flow solutions remained robust in January–March. Although demand for equipment used in container ships leveled off somewhat during this period, increased orders for other ship types boosted demand for MacGREGOR's solutions. Bulk handling equipment demand grew in all geographical areas. Ship cranes were in particularly high demand. Demand for RoRo equipment used in Pure Car and Truck Carriers (PCTCs) continued robust, and the company received both new and continuation orders, particularly from Asia. Demand for MacGREGOR's services remained stable.

Orders Received

Cargotec's order intake for January–March 2007 was extremely healthy, with all business areas reporting a large number of orders, totaling EUR 915 (1–3/2006: 805) million.

Orders received, MEUR	1-3/2007	1-3/2006	1-12/2006
Hiab	264	266	946
Kalmar	393	351	1,282
MacGREGOR	259	188	684
Internal orders received	-1	0	-2
Total	915	805	2,910

Hiab
Of all the orders received, Hiab accounted for EUR 264 (1–3/2006: 266) million.

Hiab's orders received typically comprise many small orders. The company received several orders from key customers in Europe and the United States during the quarter and will deliver equipment for both commercial use and the defence industry.

The orders secured by Hiab during the reporting period included one for 30 demountable systems from Pakistan and an order for 45 forestry cranes for vehicles that will be delivered to Russia. Furthermore, the company signed an agreement to deliver over 50 units of load handling equipment to Spain.

Kalmar
Of all the orders received, Kalmar accounted for EUR 393 (1–3/2006: 351) million.

In January, Kalmar received an order for 12 E-One RTGs (rubber-tyred gantry cranes) from Santos Brasil S/A. The RTGs will be delivered to the Port of Santos between September 2007 and January 2008 and they will be equipped with Kalmar Smartrail®, an automatic steering and container position verification system.

In March, Kalmar received an order for 84 terminal tractors from port operator DP World. The terminal tractors will be delivered during the summer of 2007 to Jebel Ali port situated close to the city of Dubai.

During the reporting period, Kalmar signed two long-term agreements covering the rental, servicing and customer financing of its equipment in Sweden. One of the agreements was concluded with Setra Group, on the rental, maintenance and financing of 31 forklift trucks that Kalmar will deliver to Setra's 12 sawmills in the spring of 2007. Furthermore, Kalmar signed a contract with Wallhamn AB, Sweden's largest private port, for the lease of several units of Kalmar container handling equipment. In the same connection, the parties agreed on the maintenance of Kalmar and other suppliers' equipment.

MacGREGOR
Of all the orders received, MacGREGOR accounted for EUR 259 (1–3/2006: 188) million.

In January, MacGREGOR received several orders for bulk handling equipment that will be manufactured in Europe and China and delivered to shipyards located in India, Asia and Europe during 2007–2008. The equipment to be delivered will be used to handle, for example, cement, plaster, coal and limestone. The orders received included bulk handling equipment for offshore support vessels.

In February, MacGREGOR signed an agreement to deliver port equipment, such as linkspans and passenger gangways, for the Norwegian ship owner, Color Line. The equipment will be delivered in 2007–2008 for ferry service between Norway and Denmark.

In February, MacGREGOR also received a significant hatch cover order for four container ships under construction at Aker Yards shipyards in Germany. The container ships will be delivered during 2008. They will transport nickel from Northern Siberia under arctic conditions.

In March, MacGREGOR received several major RoRo access equipment orders from major shipyards. The equipment will be delivered during 2007–2009 for RoPax ferries and Pure Car and Truck Carriers (PCTCs) under construction at Aker Yards shipyard in Germany, Kyokuyo Shipyard Corporation's shipyard in Japan and Brodogradilište Kraljevica dd's shipyard in Croatia.

MacGREGOR received a record number of ship crane orders in January–March 2007 from various ship yards in China, Korea, Poland, Romania and Croatia. The cranes will be delivered in 2007–2010. These orders have further increased MacGREGOR's market share in ship cranes.

Order Book

Cargotec's order book totaled EUR 1,811 (December 31, 2006: 1,621) million at the end of March 2007. The order book was further lengthened from the strong year-end level due to the company's record-high order intake. Of the order book, Hiab accounted for EUR 237 (215) million, Kalmar EUR 651 (593) million, and MacGREGOR EUR 923 (813) million. A considerable part of MacGREGOR's order book will be delivered in 2008–2010.

Order book, MEUR	31.3.2007	31.3.2006	31.12.2006
Hiab	237	226	215
Kalmar	651	587	593
MacGREGOR	923	626	813
Internal order book	0	0	0
Total	1,811	1,439	1,621

Net Sales

Cargotec's net sales for January–March grew by 13 percent and totaled EUR 694 (1–3/2006: 614) million. Approximately EUR 2 million of this growth was attributable to the net sales impact of acquisitions made during this period. The impact on net sales from the acquisitions completed in 2006 was approximately EUR 40 million. Hiab's net sales in the first quarter amounted to EUR 240 (1–3/2006: 230) million, Kalmar's net sales were EUR 324 (284) million and MacGREGOR's net sales EUR 131 (101) million.

Sales, MEUR	1-3/2007	1-3/2006	1-12/2006
Hiab	240	230	914
Kalmar	324	284	1,203
MacGREGOR	131	101	482
Internal sales	0	0	-2
Total	694	614	2,597

Cargotec's services revenue for January–March increased by 30 percent year on year. The strong growth reflects robust demand for spare parts and maintenance contracts. In addition, the business grew through acquisitions. Services revenue amounted to EUR 173 (1–3/2006: 132) million, representing 25 (22) percent of net sales. It accounted for 15 (14) percent of net sales at Hiab, 29 (25) percent at Kalmar, and 32 (29) percent at MacGREGOR in January–March.

Financial Result

Cargotec's operating profit for January–March 2007 was EUR 57.9 (1–3/2006: 50.9) million, representing 8.3 (8.3) percent of net sales. Of this amount, Hiab accounted for EUR 24.3 (22.5) million, Kalmar for EUR 26.8 (25.0) million, and MacGREGOR for EUR 10.6 (6.1) million. The operating profit includes a EUR 0.7 (0.4) million cost impact from the purchase price allocation treatment of acquisitions.

Net income for the period was EUR 39.4 (1–3/2006: 33.9) million and earnings per share were EUR 0.62 (0.52).

Balance Sheet, Financing and Cash Flow

On March 31, 2007, Cargotec's net working capital amounted to EUR 228 (December 31, 2006: 209) million. Tangible assets on the balance sheet were EUR 232 (218) million and intangible assets EUR 580 (581) million.

Cash flow from operating activities before financial items and taxes for January–March 2007 totaled EUR 52.1 (1–3/2006: 40.6) million.

Net debt on March 31, 2007 was EUR 180 (December 31, 2006: 107) million. Total equity/total assets ratio was 40.7 (47.6) percent while gearing was 21.3 (12.3) percent.

Cargotec had EUR 432 million committed credit facilities on March 31, 2007. These facilities were unused. The EUR 225 (USD 300) million Private Placement placed in December 2006 with U.S. institutional investors was funded in February 2007. 14 U.S. institutional investors participated in the transaction. The placement has been hedged through cross currency and interest rate swaps into a fixed interest rate euro loan. Its interest rate varies between 4.525 and 4.756 percent depending on the maturity, which varies between 7 and 12 years.

New Products and Product Development

During the reporting period, Cargotec's research and product development expenditure was EUR 11.1 (1–3/2006: 7.4) million, representing 1.6 (1.2) percent of net sales.

In the first quarter, Hiab introduced a new folding type tail lift especially for the UK and French markets. The tail lift requires less loading space and is often used in smaller trucks. Hiab also continued to launch new products in its XR demountable range. The new XR 26S is developed to be used in 4- and 5-axles trucks, which is a segment expected to grow considerably during the next few years.

Kalmar continued the development of automated solutions during the first quarter of the year. In March the first terminal tractors using Remote Machine Interface system (RMI) developed by Kalmar were sold. Earlier the RMI system has been used in other Kalmar container handling equipment. The RMI system enables the efficient monitoring of equipment in the container yard and their maintenance needs. Kalmar continues to develop automation solutions for container location, operation and control systems used for automatic stacking cranes (ASCs). The automation solutions will be used, for example, in the Burchardkai container terminal's container yard of HHLA, the biggest operator in the Port of Hamburg.

MacGREGOR continued to develop its electric cargo handling solutions, including electric ship cranes, ramps, car decks and hatch covers. During the period MacGREGOR continued the development process for the next generation of crane control system, in addition to which fully automated container fittings were launched.

Capital Expenditure

Cargotec's capital expenditure for January–March 2007, excluding acquisitions and customer financing, totaled EUR 9.8 (1–3/2006: 8.1) million. Customer financing investments were EUR 5.3 (6.1) million.

During the reporting period, Hiab opened a new unit in Raisio, Finland, enabling the simultaneous assembly of up to 12 truck superstructures. This investment significantly cuts delivery times and increases the unit's efficiency.

The first superstructure deliveries commenced in Bourg-en-Bresse, France. The installation unit is located next to a Renault truck factory.

An R&D investment program for loader cranes was initiated in Hudiksvall, Sweden. This investment includes not only the facilities but also the equipment needed for crane testing.

Kalmar reachstacker assembly facilities were expanded in Lidhult, Sweden.

Acquisitions

Cargotec's strategy is based on growing both organically and through acquisitions. Acquisitions enable to accelerate the expansion into new markets and develop the existing services network. During January–March 2007, Cargotec made eight acquisitions and signed several cooperation agreements.

In February, Cargotec signed an agreement to acquire Indital Construction Machinery Ltd. (Indital), a company based in Bangalore, India. The acquisition creates manufacturing presence in India for Cargotec and supports the growing sales activities of all three of Cargotec's business areas. Indital produces container reachstackers, heavy forklift trucks and mobile cranes used for loading trucks (pick-and-carry). The company employs approximately 60 people and its net sales are approximately EUR 8 million. After completion of the acquisition, which took place in April, Cargotec's ownership in Indital is 95 percent.

Hiab's Acquisitions
During the first quarter of 2007, Hiab signed two acquisition agreements. In January, Hiab signed an agreement of intent to acquire the sales, service and installation operations of its current distributor Berger in Czech Republic, Slovakia, Hungary and Croatia. The operations consist of seven sales and service/installation points and the net sales are approximately EUR 16 million. The companies employ approximately 75 people. The acquisition is expected to be finalized in May.

Hiab also made an agreement to acquire the majority of its Australian importer, BG Crane Pty. Ltd., a leading distributor and service provider for load handling customers in Australia. The company employs approximately 100 people and had net sales of approximately EUR 20 million in 2006. The acquisition was finalized in February.

Kalmar's Acquisitions
In January, Kalmar signed agreements to acquire Tagros d.o.o., a Slovenia-based service company, and Truck och Maskin i Örnsköldsvik AB, a Swedish company. Tagros provides maintenance of container handling equipment and industrial forklifts at the Port of Koper in Slovenia. This acquisition enables Kalmar to build up its service and sales activities in Slovenia and the Northern Balkan Peninsula. In 2006, Tagros had net sales of approximately EUR 2 million and employed approximately 35 people. The acquisition was completed immediately after signing.

The Swedish company Truck och Maskin's sales and service operations assist heavy industrial handling customers in Norrland, the northern region of Sweden. Truck och Maskin strengthens Kalmar's sales and service presence to industrial customers in the wood handling segment. The company employs approximately 100 people and its annual sales in the fiscal year that ended on April 30, 2006 were approximately EUR 14 million. The acquisition was finalized in February.

In February, Kalmar made an agreement to acquire the assets and business of Port Equipment Service, Inc., a U.S. based services company. The company employs 56 people, most of whom are service technicians. The acquisition strengthens Kalmar's services business in U.S. ports and intermodal terminals, particularly in the East Coast of USA. The company's net sales for 2006 totaled approximately EUR 4 million. The acquisition was finalized in February.

Kalmar made an agreement in December 2006 to buy the majority of the shares of its Spanish distributor Kalmar Espana S.A. The acquisition was finalized in April 2007.

In December 2006, Kalmar made an agreement to acquire Italian CVS Ferrari. The acquisition is still under competition authority review.

MacGREGOR's Acquisitions
MacGREGOR expanded its operations into the growing

offshore segment with two acquisitions that complement each other both in product portfolio and geographical presence.

In March, MacGREGOR signed an agreement to acquire the Norwegian company Hydramarine AS. Hydramarine is the leading company in high-end area of offshore and sub sea load handling systems for the offshore vessel industry. The company focuses on the development of hydraulic and electrical deck machinery equipment, especially cranes, for ship owners, yards and operators. MacGREGOR acquired 90 percent of the company with the remainder being owned by the employees. In 2006, Hydramarine had net sales of EUR 63 million and employed approximately 150 people. The acquisition was completed in April.

MacGREGOR continued to expand its offshore business by acquiring the Singaporean company Plimsoll Corporation Pte Ltd. Plimsoll is a leading company in deck machinery for the offshore oil and gas, and marine industry in the Asia Pacific region. Its product range includes winches and cranes for offshore and marine applications. MacGREGOR will acquire 90 percent of the company with the remainder being owned by the employees. In 2006, Plimsoll had net sales of approximately EUR 43 million and employed approximately 500 people. The deal is expected to be closed by the end of April.

In March, MacGREGOR signed an agreement to establish a joint venture with Vietnam Shipbuilding Industry Group (Vinashin) located in Haiphong, Vietnam. MacGREGOR has a 49 percent shareholding in the joint venture with Vinashin's stake standing at 51 percent. The new joint venture, which will be named as MacGREGOR Vinashin Marine Equipment Ltd, will concentrate on hatch cover production to shipyards within Vietnam. The next phase will include the production and assembly of ship cranes as well as the production of RoRo equipment. Production is expected to start within one year.

Personnel

On March 31, 2007, Cargotec had a total of 9,083 employees (March 31, 2006: 7,729), with Hiab accounting for 3,780 (3,471) persons, Kalmar 4,041 (3,307) and MacGREGOR 1,203 (908).

Of Cargotec's total employees, 16 percent were located in Finland, 26 percent in Sweden, and 27 percent in the rest of Europe. North and South American personnel represented 15 percent, Asia Pacific 15 percent, and the rest of the world 1 percent of total employees.

Shares and Stock Options

On March 31, 2007, Cargotec's share capital totaled EUR 64,110,639. The share capital was increased during the reporting period through stock options. On January 1, 2007, the share capital was EUR 64,046,460. On March 31, 2007, the number of Cargotec's listed class B shares totaled 54,584,550 while that of its unlisted class A shares totaled 9,526,089. The remaining 2005A and 2005B stock options may be used to subscribe for a total of 298,371 class B shares, thereby increasing the share capital by EUR 298,371.

During January 1–March 31, 2007, the trading volume of Cargotec class B shares totaled 17 million at a total value of approximately EUR 792 million. The closing price for class B shares on March 31, 2007 was EUR 45.21. The highest price during the reporting period was EUR 49.60 and the lowest EUR 40.69. On March 31, 2007, the market value of the company's class B shares totaled EUR 2,436 million excluding the shares held by the company. The market value of the share capital, in which the unlisted class A shares were valued at the average price of the class B shares on the last trading day, was EUR 2,866 million, excluding the shares held by the company.

Cargotec's Financial Targets and Incentive Program for Key Managers

In January, Cargotec published its new financial targets and a share-based incentive program for the key managers for the years 2007–2011. The purpose of the program encouraging share ownership is to align the interests of key managers to Cargotec's strategy and financial targets as well as contribute to making them long-term shareholders of the company. The incentive program covers some 60 individuals. The program offers key managers a possibility to earn a reward in Cargotec class B shares based on accomplishment of set targets.

Cargotec's financial targets are the following: annual net sales growth exceeding 10 percent (incl. acquisitions), raising the operating profit margin to 10 percent, and maintaining the gearing below 50 percent. The targets have been set for the years 2007–2011.

The incentive program consists of four earnings periods, of which the first is two years and the following three periods one year each. The Board of Directors decides on the target group of the earnings period and their maximum reward at the beginning of each earnings period.

Potential rewards from the incentive program during 2007–2011 are based on achievement of five-year net sales and operating profit targets as defined in Cargotec's strategy. The rewards will be paid during 2009–2012 in both class B shares and cash. The cash portion is dedicated to cover possible taxes and tax-related payments resulting from the reward. The shares distributed as reward will contain a prohibition to hand over or sell the shares within one year of the end of an earnings period with the exception of the final earnings period when no prohibitions are included. The maximum amount to be paid out as shares is 387,500 class B shares currently held by the company as treasury shares.

Decisions Taken at Cargotec Corporation's Annual General Meeting

Cargotec Corporation's Annual General Meeting was held on February 26, 2007 in Helsinki. The meeting approved the financial statements and consolidated financial statements. The meeting granted discharge from liability to the President and CEO and the members of the Board of Directors for the accounting period January 1–December 31, 2006.

The Annual General Meeting approved the Board's proposal of a dividend of EUR 0.99 for each of the 9,526,089 class A shares and EUR 1.00 for the 53,815,646 outstanding class B shares.

The number of members of the Board of Directors was confirmed at six according to the proposal of Cargotec's Nomination and Compensation Committee. Carl-Gustaf Bergström, Henrik Ehrnrooth, Tapio Hakakari, Ilkka Herlin, Peter Immonen and Karri Kaitue were re-elected as members of the Board of Directors. The Chairman of the Board's monthly remuneration was decided to be EUR 5,000. The Deputy Chairman's monthly remuneration was decided to be EUR 3,500. Other Board members' remuneration was decided to be EUR 2,500. In addition, it was decided that members receive EUR 500 for attendance at Board and Committee meetings.

Authorized public accountants Johan Kronberg and PricewaterhouseCoopers Oy were elected as auditors according to the proposal of the Audit Committee of Cargotec Corporation's Board of Directors.

Authorizations Granted by the Annual General Meeting

The Annual General Meeting authorized the Board of Directors of Cargotec to decide to repurchase the Company's own shares with assets distributable as profit. The shares may be repurchased in order to develop the capital structure of the Company, finance or carry out possible acquisitions, implement the Company's share-based incentive plans, or to be transferred for other purposes or to be cancelled. The shares may be purchased through a private offering as defined in Finnish Companies Act, Chapter 15 § 6.

Altogether no more than 6,400,000 own shares may be repurchased, of which no more than 952,000 are class A shares and 5,448,000 are class B shares. The above-mentioned amounts include the 704,725 class B shares already in the Company's possession. The maximum amount corresponds to less than 10 percent of the share capital of the Company and the total voting rights. The repurchase of shares will decrease the non-restricted equity of the Company. This authorization remains in effect for a period of 18 months from the date of decision of the Annual General Meeting.

In addition, the Annual General Meeting authorized the Board of Directors to decide on the distribution of any shares repurchased. The Board of Directors is authorized to decide on the distribution of a maximum of 952,000 class A shares and 5,448,000 class B shares. The Board of Directors is authorized to decide to whom and in which order the shares will be distributed. The Board of Directors may decide on the distribution of repurchased shares otherwise than in proportion to the existing pre-emptive right of shareholders to purchase the Company's own shares. The shares may be used as compensation in acquisitions and in other arrangements as well as to implement the Company's share-based incentive plans in the manner and to the extent decided by the Board of Directors. The Board of Directors has also the right to decide on the distribution of the shares in public trading at the Helsinki Stock Exchange to be used as compensation in possible acquisitions. This authorization remains in effect for a period of 18 months from the date of decision of the Annual General Meeting.

Organization of the Board of Directors

In its organizing meeting Cargotec's Board of Directors elected Ilkka Herlin to continue as Chairman of the Board and Henrik Ehrnrooth to continue as Deputy Chairman. Cargotec's Senior Executive Vice President and CFO Kari Heinistö continues to act as secretary to the Board of Directors.

Cargotec's Board of Directors decided that the Audit Committee and the Nomination and Compensation Committee will continue to assist in its work. In addition, the Board decided to establish a third committee. The Working Committee will monitor the Company's financial situation, prepare strategic issues to be handled and decided in the Board and review their implementation.

The Board of Directors re-elected among its members Ilkka Herlin, Peter Immonen and Karri Kaitue as members of the Audit Committee. Karri Kaitue was elected to continue as Chairman of the Audit Committee. Board members Carl-Gustaf Bergström, Tapio Hakakari, Ilkka Herlin and Peter Immonen were re-elected to the Nomination and Compensation Committee. Ilkka Herlin was elected to continue as chairman of the Nomination and Compensation Committee. Board members Tapio Hakakari, Ilkka Herlin and Peter Immonen were elected to the Working Committee. The Board elected Ilkka Herlin as chairman of the Working Committee.

Share Repurchases

Cargotec's Board of Directors decided to exercise the authorization of the Annual General Meeting to repurchase the Company's own shares.

In accordance with the authorization the shares will be repurchased in order to develop the capital structure of the Company, finance or carry out possible acquisitions, implement the Company's share-based incentive plans, or to be transferred for other purposes or to be cancelled.

The maximum amount of repurchased own shares will be less than ten percent of the Company's share capital and total voting rights. This corresponds to a maximum of 6,400,000 shares so that a maximum of 952,000 class A shares and 5,448,000 class B shares can be repurchased.

Class B shares will be purchased at public trading in the Helsinki Stock Exchange at the market price. Class A shares will be purchased outside the Stock Exchange at the price equivalent to the average price of class B shares paid in the Helsinki Stock Exchange on the purchase date. Share repurchases will be released on the transaction days through stock exchange announcements.

No shares were repurchased during the reporting period.

Short-term Risks and Uncertainties

Cargotec's principal short-term risks and uncertainties are related to subcontracting, success of integrating recent acquisitions, and U.S. construction industry development.

Cargotec has outsourced a significant proportion of its component production and part of its assembly operations. In the current economic boom, uncertainty of component availability is possible. Cargotec strives to anticipate its component needs so that subcontractors can flexibly meet demand.

The development of the U.S. construction industry affects demand for Cargotec's load handling equipment.
At present, load handling equipment demand from the building materials supply industry is clearly below the 2006 level. The market development remains uncertain.

Cargotec has made a significant number of acquisitions during the past 12 months. Although these acquisitions are relatively small in size and geographically dispersed, integrations always involve uncertainty factors.

Events After the Reporting Period

The acquisitions of Kalmar Espana, Indital and Hydramarine have been finalized in April. In addition, an agreement has been made to acquire the remaining minority in Kalmar Asia Pacific Ltd.

Hiab has on April 23, 2007 initiated plans to concentrate its European truck-mounted forklift production to the Dundalk factory in Ireland. Truck-mounted forklifts are produced in two factories in Europe, in Dundalk, Ireland and Oude Leije, the Netherlands. As part of creating a more competitive business structure Oude Leije assembly operations are planned to be transformed into a technical center serving European customers. The plans are expected to clearly improve production efficiency and cost competitiveness. The estimated personnel reduction is some 50 people.

Outlook

General market activity is expected to remain healthy. Development of the services business will continue during the year in line with Cargotec's strategy. Following the record high order intake in the first quarter Cargotec's full year 2007 order intake is expected to surpass net sales. Net sales growth including acquisitions is expected to clearly exceed 10 percent. Cargotec's operating margin in 2007 is expected to be on the level of last year's operating margin from operations before on-going growth and efficiency related investments as well as purchase price allocation treatment of acquisitions.

Helsinki, April 23, 2007
Cargotec Corporation
Board of Directors

This interim report is unaudited.
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Condensed Consolidated Income Statement

MEUR	1-3/2007	1-3/2006	1-12/2006
Sales	693.9	613.9	2,597.1
Cost of goods sold	-538.1	-480.9	-2,042.7
Gross profit	155.8	133.0	554.4
Gross profit, %	22.5 %	21.7 %	21.3 %
Gain on the sale of property	-	-	17.8
Costs and expenses	-85.9	-72.3	-292.2
Depreciation	-12.0	-9.8	-40.5
Operating profit	57.9	50.9	239.5
Operating profit, %	8.3 %	8.3 %	9.2 %
Share of associated companies' income	0.1	0.4	0.9
Financing income and expenses	-3.4	-2.9	-8.4
Income before taxes	54.6	48.4	232.0
Income before taxes, %	7.9 %	7.9 %	8.9 %
Taxes	-15.2	-14.5	-65.9
Net income for the period	39.4	33.9	166.1
Net income for the period, %	5.7 %	5.5 %	6.4 %
Attributable to:			
Equity holders of the company	39.4	33.4	163.9
Minority interest	0.0	0.5	2.2
Total	39.4	33.9	166.1
Earnings per share for profit attributable to the equity holders of the company:			
Basic earnings per share, EUR	0.62	0.52	2.57
Diluted earnings per share, EUR	0.62	0.52	2.56
Adjusted basic earnings per share, EUR	-	-	2.37 *

* Excluding gain on the sale of property after taxes

Condensed Consolidated Balance Sheeet

ASSETS			
MEUR	31.3.2007	31.3.2006	31.12.2006
Non-current assets			
Intangible assets	579.6	507.9	580.5
Tangible assets	231.6	198.1	217.6
Loans receivable and other interest-bearing assets (1	0.2	0.9	0.1
Investments	3.3	3.1	4.0
Non-interest-bearing assets	59.1	53.0	58.6
Total non-current assets	873.8	763.0	860.8
Current assets			
Inventories	562.6	499.7	528.9
Loans receivable and other interest-bearing assets (1	0.2	0.3	0.3
Accounts receivable and other non-interest-bearing assets	521.9	439.7	473.7
Cash and cash equivalents (1	278.0	78.6	124.3
Total current assets	1,362.7	1,018.3	1,127.2
Total assets	2,236.5	1,781.3	1,988.0

EQUITY AND LIABILITIES			
MEUR	31.3.2007	31.3.2006	31.12.2006
Equity			
Shareholders' equity	834.7	754.3	868.8
Minority interest	7.6	7.3	8.0
Total equity	842.3	761.6	876.8
Non-current liabilities			
Loans (1	423.5	194.4	195.0
Deferred tax liabilities	27.0	18.8	30.5
Provisions	34.9	17.2	30.3
Pension benefit and other non-interest-bearing liabilities	55.6	53.4	55.2
Total non-current liabilities	541.0	283.8	311.0
Current liabilities			
Loans (1	34.5	40.3	37.2
Provisions	30.8	48.0	42.6
Accounts payable and other non-interest-bearing liabilities	787.9	647.6	720.4
Total current liabilities	853.2	735.9	800.2
Total equity and liabilities	2,236.5	1,781.3	1,988.0

1) Included in interest-bearing net debt

Consolidated Statement of Changes in Equity

MEUR	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total	Minority interest	Total equity
	Attributable to the equity holders of the company								
Equity on 31.12.2005	63.9	95.1	-5.0	4.9	-10.3	611.4	760.0	7.2	767.2
Cash flow hedges					6.0		6.0	-0.1	5.9
Translation differences				-3.8			-3.8	-0.3	-4.1
Total net income recognised directly in equity	-	-	-	-3.8	6.0	-	2.2	-0.4	1.8
Net income for the period						33.4	33.4	0.5	33.9
Total recognised income and expenses for the period	-	-	-	-3.8	6.0	33.4	35.6	0.1	35.7
Dividends paid						-41.3	-41.3		-41.3
Equity on 31.3.2006	63.9	95.1	-5.0	1.1	-4.3	603.5	754.3	7.3	761.6

MEUR	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total	Minority interest	Total equity
Equity on 31.12.2006	64.0	96.0	-23.9	-12.0	10.5	734.2	868.8	8.0	876.8
Gain/loss on cash flow hedges booked to equity					-7.9		-7.9		-7.9
Gain/loss on cash flow hedges transferred to IS					1.3		1.3		1.3
Translation differences				-4.7			-4.7	-0.2	-4.9
Share-based incentives, value of received services						0.4	0.4		0.4
Total net income recognised directly in equity	-	-	-	-4.7	-6.6	0.4	-10.9	-0.2	-11.1
Net income for the period						39.4	39.4	0.0	39.4
Total recognised income and expenses for the period	-	-	-	-4.7	-6.6	39.8	28.5	-0.2	28.3
Dividends paid						-63.2	-63.2		-63.2
Shares subscribed with options	0.1	0.5					0.6		0.6
Other changes							0.0	-0.2	-0.2
Equity on 31.3.2007	64.1	96.5	-23.9	-16.7	3.9	710.8	834.7	7.6	842.3

Condensed Consolidated Cash Flow Statement

MEUR	1-3/2007	1-3/2006	1-12/2006
Net income for the period	39.4	33.9	166.1
Capital gains	-	-	-17.8
Depreciation	12.0	9.8	40.5
Other adjustments	18.5	17.0	73.7
Change in working capital	-17.8	-20.1	-12.7
Cash flow from operations	52.1	40.6	249.8
Cash flow from financial items and taxes	-25.1	-6.5	-51.1
Cash flow from operating activities	27.0	34.1	198.7
The gain from the sale of property	-	-	31.3
Acquisitions	-13.0	-16.7	-89.1
Cash flow from investing activities, other items	-18.1	-12.0	-58.0
Cash flow from investing activities	-31.1	-28.7	-115.8
Acquisition of treasury shares	-	-	-18.9
Proceeds from share subscriptions	0.6	-	1.1
Dividends paid	-59.0	-37.9	-41.3
Proceeds from long-term borrowings	226.9	0.0	0.1
Repayments of long-term borrowings	-2.8	-3.0	-25.9
Proceeds from short-term borrowings	4.8	0.6	15.9
Repayments of short-term borrowings	-7.2	-6.4	-7.6
Cash flow from financing activities	163.3	-46.7	-76.6
Change in cash	159.2	-41.3	6.3
Cash, cash equivalents and bank overdrafts at the beginning of period	114.5	111.2	111.2
Effect of exchange rate changes	-0.4	-0.7	-3.0
Cash, cash equivalents and bank overdrafts at the end of period	273.3	69.2	114.5
Bank overdrafts at the end of period	4.7	9.4	9.8
Cash and cash equivalents at the end of period	278.0	78.6	124.3

KEY FIGURES

		1-3/2007	1-3/2006	1-12/2006
Equity/share	EUR	13.16	11.84	13.72
Interest-bearing net debt	MEUR	179.6	154.9	107.5
Total equity/total assets	%	40.7	45.8	47.6
Gearing	%	21.3	20.3	12.3
Return on equity	%	18.3	17.7	20.2
Return on capital employed	%	19.9	21.2	23.1

Segment Reporting

Sales by geographical segment, MEUR	1-3/2007	1-3/2006	1-12/2006
EMEA	384	344	1,368
Americas	176	171	720
Asia Pacific	134	99	509
Total	694	614	2,597

Sales by geographical segment, %	1-3/2007	1-3/2006	1-12/2006
EMEA	55.3 %	56.1 %	52.7 %
Americas	25.4 %	27.8 %	27.7 %
Asia Pacific	19.3 %	16.1 %	19.6 %
Total	100.0 %	100.0 %	100.0 %

Sales, MEUR	1-3/2007	1-3/2006	1-12/2006
Hiab	240	230	914
Kalmar	324	284	1,203
MacGREGOR	131	101	482
Internal sales	0	0	-2
Total	694	614	2,597

Operating profit, MEUR	1-3/2007	1-3/2006	1-12/2006
Hiab	24.3	22.5	86.0
Kalmar	26.8	25.0	111.7
MacGREGOR	10.6	6.1	35.9
Corporate administration and other	-3.8	-2.7	-11.9
Operating profit from operations	57.9	50.9	221.7
Gain on the sale of property	-	-	17.8
Total	57.9	50.9	239.5

Operating profit, %	1-3/2007	1-3/2006	1-12/2006
Hiab	10.1 %	9.8 %	9.4 %
Kalmar	8.3 %	8.8 %	9.3 %
MacGREGOR	8.1 %	6.0 %	7.5 %
Cargotec, operating profit from operations	8.3 %	8.3 %	8.5 %
Cargotec	8.3 %	8.3 %	9.2 %

Orders received, MEUR	1-3/2007	1-3/2006	1-12/2006
Hiab	264	266	946
Kalmar	393	351	1,282
MacGREGOR	259	188	684
Internal orders received	-1	0	-2
Total	915	805	2,910

Order book, MEUR	31.3.2007	31.3.2006	31.12.2006
Hiab	237	226	215
Kalmar	651	587	593
MacGREGOR	923	626	813
Internal order book	0	0	0
Total	1,811	1,439	1,621

Capital expenditure, MEUR	1-3/2007	1-3/2006	1-12/2006
In fixed assets (excluding acquisitions)	9.8	7.6	46.1
In leasing agreements	0.0	0.5	0.5
In customer financing	5.3	6.1	22.2
Total	15.1	14.2	68.8

Number of employees at the end of period	31.3.2007	31.3.2006	31.12.2006
Hiab	3,780	3,471	3,647
Kalmar	4,041	3,307	3,705
MacGREGOR	1,203	908	1,117
Corporate administration	59	43	47
Total	9,083	7,729	8,516

Average number of employees	1-3/2007	1-3/2006	1-12/2006
Hiab	3,702	3,449	3,571
Kalmar	3,872	3,182	3,415
MacGREGOR	1,153	906	994
Corporate administration	57	44	46
Total	8,784	7,581	8,026

Notes

Commitments

MEUR	31.3.2007	31.3.2006	31.12.2006
Guarantees	0.5	0.3	0.5
Dealer financing	9.6	12.4	8.5
End customer financing	6.7	6.9	6.7
Operating leases	38.9	27.6	38.1
Other contingent liabilities	3.8	4.0	3.9
Total	59.5	51.2	57.7

Fair values of derivative financial instruments

MEUR	Positive fair value 31.3.2007	Negative fair value 31.3.2007	Net fair value 31.3.2007	Net fair value 31.3.2006	Net fair value 31.12.2006
FX forward contracts, cash flow hedges	15.5	12.2	3.3	-9.8	18.6
FX forward contracts, non-hedge accounted	13.1	1.9	11.2	5.0	-9.1
Interest rate swaps, non-hedge accounted	-	0.0	0.0	-0.4	0.0
Cross currency and interest rate swaps, cash flow hedges	2.6	0.5	2.1	-	-0.7
Total	31.2	14.6	16.6	-5.2	8.8
Non-current portion:					
FX forward contracts, cash flow hedges	2.8	2.9	-0.1	-1.0	2.7
Cross currency and interest rate swaps, cash flow hedges	2.6	0.5	2.1	-	-0.7
Non-current portion	5.4	3.4	2.0	-1.0	2.0
Current portion	25.8	11.2	14.6	-4.2	6.8

Nominal values of derivative financial instruments

MEUR	31.3.2007	31.3.2006	31.12.2006
FX forward contracts	1,820.0	1,571.5	1,752.7
Interest rate swaps	10.0	45.0	10.0
Cross currency and interest rate swaps	225.7	-	225.7
Total	2,055.7	1,616.5	1,988.4

Acquisitions 2007

In January–March 2007 Cargotec made several acquisitions in line with its strategy. These acquisitions were individually immaterial.

In January, Hiab made an agreement to acquire the majority of its Australian importer, BG Crane Pty. Ltd. The acquisition was finalized in February. In January, Kalmar signed agreement to acquire Tagros d.o.o., a Slovenia-based services company. The acquisition was completed immediately after signing. In January, Kalmar signed also agreement to acquire Truck och Maskin i Örnsköldsvik AB, a Swedish company. The acquisition was finalized in February. In February, Kalmar made an agreement to acquire the assets and business of Port Equipment Service, Inc., a U.S. based services company. The acquisition was finalized in February.

Management estimates that the consolidated sales for Jan 1–Mar 31, 2007 would have been approximately EUR 697 million, if the acquisitions had occurred on Jan 1, 2007.

The table below summarizes the acquisitions in January–March 2007. The business combinations were accounted as preliminary as the determination of fair values to be assigned to the assets, liabilities and contingent liabilities were not yet finalized.

MEUR	**Net fair values of identifiable assets and liabilities of the acquired businesses**	**Assets and liabilities immediately before the business combination**
Other intangible assets	2.1	0.0
Property, plant and equipment	9.1	9.1
Inventories	5.5	5.5
Non-interest-bearing assets	5.3	5.3
Cash and cash equivalents	0.3	0.3
Interest-bearing liabilities	-8.4	-8.4
Other non-interest-bearing liabilities	-8.8	-8.2
Acquired net assets	5.1	3.6
Transaction price	13.2	
Costs related to acquisitions	0.5	
Goodwill	8.6	
Transaction price paid in cash	11.2	
Costs related to acquisitions	0.3	
Cash and cash equivalents in acquired businesses	-0.3	
Total cash outflow from acquisitions	11.2	

Accounting Principles

The interim report has been prepared according to the International Accounting Standard 34: Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements of 2006. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Adoption of New or Revised IFRS Standards and Interpretations in 2007

In January 2007 Cargotec has also adopted the following new and amended standards and interpretations by the IASB published in 2006:
- IFRS 7, Financial Instruments: Disclosures
- IAS 1 Amendment, Capital Disclosures
- IFRIC 10, Interim Financial Reporting and Impairment
- IFRIC 11, Group and Treasury Shares Transactions

The adoption of the new and revised standards and interpretations does not have a material effect on the interim financial statements.

Reclassification of balance sheet items

Division of derivative assets and liabilities into current and non-current has been taken into use in 2006. Derivative instruments, for which hedge accounting is applied, and for which the underlying cash flow matures after twelve months, are included in non-current assets and liabilities, other derivative instruments are included in current assets and liabilities. In previous financial statements all derivatives have been included in current assets and liabilities. The comparative figures of March 31, 2006 have been restated accordingly.

Retrospective adjustment of final accounting of the acquisitions

In financial statements of 2006 the impact of final accounting of the acquisitions of 2005 were recognized retrospectively for the period Jan 1–Dec 31, 2006. The comparative figures of March 31, 2006 have been restated accordingly.

Share-based payments

The share-based incentive scheme for top management that was approved by the Board of Directors in July 2005 has ended in March 2007. The members of the scheme received 20,660 Cargotec 2005B option rights and in cash 65,000 synthetic option rights. The fair value of a synthetic option was EUR 28.22 at payment day.

In January 2007, Cargotec published a new share-based incentive scheme for the company's key managers for the years 2007–2011. The rewards will be paid during 2009–2012 in both class B shares and cash. The cash portion is dedicated to cover possible taxes and tax-related payments resulting from the total reward. Shares distributed as reward will contain a prohibition to hand over or sell the shares within one year of the end of an earnings period with the exception of the final earnings period when no prohibitions are included. The shares will be lost if the holder leaves the company before the prohibition period ends. At the end of March 2007 the earnings period 2007–2008 involves 52 persons. If they were to receive the maximum number of shares in accordance with the scheme, a total of 127,200 shares, their shareholding obtained via the program would amount to 0.09 percentage of the Company's class A and B voting rights. The incentive scheme is booked and valued according to the Share-based payments accounting principle presented in the annual financial statements of 2006.

Quarterly Figures

Cargotec		Q1/2007	Q4/2006	Q3/2006	Q2/2006	Q1/2006
Orders received	MEUR	915	716	603	786	805
Order book	MEUR	1,811	1,621	1,594	1,544	1,439
Sales	MEUR	694	697	625	661	614
Operating profit	MEUR	57.9	57.7	52.1*	61.0	50.9
Operating profit	%	8.3	8.3	8.3*	9.2	8.3
Basic earnings/share	EUR	0.62	0.61	0.60*	0.64	0.52

Hiab		Q1/2007	Q4/2006	Q3/2006	Q2/2006	Q1/2006
Orders received	MEUR	264	241	207	232	266
Order book	MEUR	237	215	215	216	226
Sales	MEUR	240	239	208	237	230
Operating profit	MEUR	24.3	22.7	17.4	23.4	22.5
Operating profit	%	10.1	9.5	8.4	9.9	9.8

Kalmar		Q1/2007	Q4/2006	Q3/2006	Q2/2006	Q1/2006
Orders received	MEUR	393	327	258	346	351
Order book	MEUR	651	593	581	615	587
Sales	MEUR	324	321	290	309	284
Operating profit	MEUR	26.8	28.2	27.5	31.0	25.0
Operating profit	%	8.3	8.8	9.5	10.0	8.8

MacGREGOR		Q1/2007	Q4/2006	Q3/2006	Q2/2006	Q1/2006
Orders received	MEUR	259	149	139	208	188
Order book	MEUR	923	813	798	713	626
Sales	MEUR	131	138	127	116	101
Operating profit	MEUR	10.6	9.7	9.9	10.2	6.1
Operating profit	%	8.1	7.0	7.8	8.8	6.0

* Excluding gain on the sale of property