Cargotec's Financial statements review 2010: Robust growth in orders and cash flow remained very strong

The figures in this financial statements review are based on Cargotec Corporation's audited 2010 Financial statements.

Report highlights: October–December 2010

- Orders received totalled EUR 716 (464) million, 54 percent more than in the comparison period.
- Order book amounted to EUR 2,356 (31 Dec 2009: 2,149) million at the end of the period, growth was 10 percent.
- Sales grew 12 percent and totalled EUR 747 (669) million.
- Operating profit excluding restructuring costs was EUR 44.5 (31.7) million, representing 6.0 (4.7) percent of sales.
- Operating profit was EUR 38.5 (7.4) million including EUR 6.0 (24.3) million in restructuring costs.
- Cash flow from operating activities before financial items and taxes totalled EUR 99.5 (91.0) million.
- Net income for the period amounted to EUR 23.8 (13.0) million.

Report highlights: January–December 2010

- Orders received were EUR 2,729 (1,828) million.
- Sales were EUR 2,575 (2,581) million.
- Operating profit was EUR 131.4 (0.3) million, representing 5.1 (0.0) percent of sales.
- Cash flow from operating activities before financial items and taxes totalled EUR 292.9 (289.7) million.
- Net income for the period amounted to EUR 78.0 (7.1) million.
- Earnings per share were EUR 1.21 (0.05).
- The Board of Directors proposes a dividend of EUR 0.60 per class A share and EUR 0.61 per class B share outstanding be paid.

Cargotec key figures

	10–12 2010	10–12 2009	1–12 2010	1–12 2009
Orders received, MEUR	716	464	2,729	1,828
Sales, MEUR	747	669	2,575	2,581
Operating profit excl. restructuring costs, MEUR	44.5	31.7	141.9	61.3
Operating profit excl. restructuring costs, %	6.0	4.7	5.5	2.4
Operating profit, MEUR	38.5	7.4	131.4	0.3
Net income, MEUR	23.8	13.0	78.0	7.1
Earnings per share, EUR	0.39	0.18	1.21	0.05

Cargotec's President and CEO Mikael Mäkinen:
"For Cargotec, 2010 was a year of new beginnings. Measures aimed at unifying our organisation began to bear fruit. While the positive development in the market environment continued into the fourth quarter, it was particularly gratifying to see also Terminal customers begin to decide on major projects. Orders received, sales and operating profit for the final quarter clearly grew year-on-year. The success of our efficiency measures is demonstrated by the rise in our operating margin for the entire 2010, to 5.5 percent before restructuring costs. This provides a good platform for continuing towards our strategic target of 10 percent. In line with our revised strategy, during the autumn we began to develop our operations from our customer segments' perspective. We have now taken the first step by announcing ongoing acquisition of Navis. With Navis, we can provide our customers with new types of comprehensive solutions," affirms Mikael Mäkinen, President and CEO.

Press conference for analysts and media
A press conference for analysts and media will be combined with a live international telephone conference and arranged on the publishing day at 2.00 pm EET at Cargotec's head office, Sörnäisten rantatie 23, Helsinki. The event will be held in English. The report will be presented by President and CEO Mikael Mäkinen. The presentation material will be available on www.cargotec.com by 2.00 pm EET.

The telephone conference, during which questions may be presented, can be accessed at the following numbers ten minutes before the beginning of the event: US callers +1 334 323 6201, non-US callers +44 20 7162 0025, access code Cargotec/884543.

The event can also be viewed as a live webcast at www.cargotec.com. On-demand version of the conference will be published on Cargotec's website later during the day.

A replay of the conference call will be available for two days until midnight on 5 February 2011, in the following numbers: US callers +1 954 334 0342, non-US callers +44 20 7031 4064, access code 884543.

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Cargotec improves the efficiency of cargo flows on land and at sea - wherever cargo is on the move. Cargotec's daughter brands, Hiab, Kalmar and MacGregor are recognised leaders in cargo and load handling solutions around the world. Cargotec's global network is positioned close to customers and offers extensive services that ensure the continuous, reliable and sustainable performance of equipment. Cargotec's sales totalled EUR 2.6 billion in 2010 and it employs approximately 10,000 people. Cargotec's class B shares are quoted on NASDAQ OMX Helsinki under symbol CGCBV. www.cargotec.com

Operating environment

The load handling equipment markets developed positively during 2010. However, recovery was uneven, varying geographically and by customer segment. Demand remained low in construction-related customer segments. The Americas saw the most powerful recovery. On the other hand, demand continued to revive, particularly for loader cranes, forklift trucks and truck-mounted forklifts, as well as tail lifts.

More containers were handled in ports, with global throughput growth exceeding 13 percent, which was markedly higher than estimated in the beginning of the year. The recovery in demand for container handling equipment in ports began in smaller equipment. The second quarter saw the first orders for large equipment, with this positive development continuing during the second half.

The market continued to be favourable for marine cargo handling equipment, being clearly more active than expected at the beginning of the year. In addition, shipyards succeeded in reselling capacity freed up by cancellations, which reflected positively in new orders received by equipment suppliers. In particular, demand for equipment for bulk vessels grew. The market for offshore equipment was active, despite customers still exercising caution in their decision-making processes. Demand for container ship equipment showed signs of recovery after a couple of inactive years.

Due to improvements in customer capacity utilisation rates, the service markets saw a clear improvement after a quiet start to the year. The services market showed year-round steady growth in the Americas, while growth in EMEA (Europe, Middle East, Africa) mainly occurred towards the end of the year.

Orders received and order book

Orders received during the fourth quarter totalled EUR 716 (464) million, which was 54 percent more than in the comparison period.

Orders received in 2010 grew 49 percent from the comparison period and totalled EUR 2,729 (1,828) million. 62 percent of the orders were received in Industrial & Terminal and 38 percent in Marine. Geographically, the same amount of orders originated from EMEA (Europe, Middle East, Africa) and Asia-Pacific. EMEA accounted for 40 (49) percent of all orders, Asia-Pacific for 40 (28) percent, while that of Americas was 20 (23) percent.

At the end of 2010, the order book totalled EUR 2,356 (31 Dec 2009: 2,149) million, which was 10 percent higher than at the end of 2009.

Orders received by reporting segment

MEUR	**10-12/2010**	**10-12/2009**	**Change**	**1-12/2010**	**1-12/2009**	**Change**
Industrial & Terminal	462	304	52%	1,690	1,260	34%
Marine	254	160	59%	1,040	569	83%
Internal orders	0	0		-1	-1	
Total	**716**	**464**	**54%**	**2,729**	**1,828**	**49%**

Industrial & Terminal's orders received during the fourth quarter totalled EUR 462 (304) million, 52 percent higher than a year before. Orders received in 2010 grew to EUR 1,690 (1,260) million, which was 34 percent higher than in the comparison period. Strong growth in orders reflects the market recovery towards the year end. Orders secured by Industrial business mainly included small individual orders, whereas, Terminal business received orders for smaller equipment. At the end of the year, an order for two ship-to-shore cranes and 24 E-One rubber-tyred gantry cranes (RTG), worth around EUR 40 million, was received from Columbia.

Other significant orders received by Industrial & Terminal in 2010 were orders for 350 terminal tractors from the US and an order for 14 environmentally friendly straddle carriers from a French terminal operator. An order for two ship-to-shore cranes from Turkey and an order for six zero emission RTGs from Vietnam. A Russian port operator ordered six RTGs and 10 terminal tractors. In addition, an order worth more than EUR 10 million for truck-mounted forklifts was received from a US based company specialising in home improvement. During the first half, Industrial & Terminal received orders worth USD 110 million for rough terrain container handlers from Tank-Automotive Armament Command (TACOM), part of the US Department of Defence. The orders were received under a five-year production contract signed in 2008. Orders received under this contract now total approximately USD 350 million.

Industrial & Terminal's order book at the end of 2010 totalled EUR 680 (31 Dec 2009: 546) million, which was 25 percent higher than at the end of 2009.

Marine's orders in the fourth quarter accounted for EUR 254 (160) million, 59 percent more than the comparison period. Orders received in 2010 grew 83 percent from the previous year to EUR 1,040 (569) million. Demand for marine cargo handling equipment and orders received were clearly higher than expected at the beginning of the year. In 2010, shipyards managed to resell capacity vacated due to cancellations and postponements, and began to build new bulk ships with a short delivery time. Hence, demand for cranes and hatch covers for bulk ships was very brisk during the early part of the year, but tailed off as the year drew to a close.

Marine received several important orders during the year. Orders for ship cranes worth over EUR 80 million from China and South Korea were received for a delivery of a total of 275 cranes for 64 bulk ships and eight general cargo vessels. Marine also agreed for a delivery for 68 cranes for 17 bulk carriers and design and key components for hatch covers for 26 bulk carriers with a Chinese shipyard. In addition, hatch covers for six bulk ships under construction at a Korean shipyard will be delivered in 2011. This contract follows an order from December 2009 for 24 cranes on the same vessels. Marine also agreed to deliver hatch covers and electric-drive cranes for ten general cargo vessels owned by a Norwegian shipowner.

During the year, Marine also received orders for lashings for 17 mega container ships from South Korea and for 13 container ships owned by a Canadian shipowner. RoRo equipment will be delivered for four vessels under construction in Poland, for two car carries under construction in Japan as well as for four deepsea vessels and two pure car truck carriers under construction in South Korea.

In 2010, Marine received orders for offshore solutions from among others Brazil, China, Holland, and Singapore. Subsea load and module handling systems worth around EUR 20 million will be delivered for

Hallin Marine offshore vessel. Moreover, Marine signed contacts for deliveries for two active heave compensated knuckle-jib cranes for offshore vessels being built in Singapore and for one crane for a vessel being build in the Netherlands. Marine also received orders for anchor-handling systems for 20 vessels from China and an order for offshore equipment for two vessels from Brazil.

In 2010, Marine also received an order from Lithuania for a self-unloading system and a range of transloading equipment will be delivered to customer's new terminal in Goa, India.

Marine's order book at the end of 2010 totalled EUR 1,675 (31 Dec 2009: 1,604) million. More than 70 percent of the order book is bulk, general cargo and container ship-related. Offshore support vessels-related orders comprise more than 10 percent of the order book. Orders cancelled in 2010, EUR 145 million, of which EUR 25 million occurred in the final quarter. These cancelled orders were removed from the order book.

Services orders received in 2010 increased in all areas of service business. A large number of small contracts typical of the service business were signed. Major service orders received during the financial period included contracts to refurbish and upgrade ten ship-to-shore cranes with Malaysian port operator, three-year full service contracts for RoRo equipment for 25 vessels from Grimaldi Group and agreements for conversions of RoRo equipment on five Ropax vessels from the Swedish Stena Line. In addition, a refurbishment project for a cement ship unloader was received from a Singaporean cement terminal.

Sales

Fourth quarter sales grew 12 percent from the comparison period and totalled EUR 747 (669) million. Fourth quarter sales represented the highest of quarterly sales in 2010, 18 percent higher than in the third quarter.

In 2010, sales reached the level of year 2009 sales, amounting to EUR 2,575 (2,581) million. In 2010, currency rate changes had a positive impact on sales compared to 2009. Reported sales would have been approximately six percent less with comparable currency rates. In terms of sales, EMEA (Europe, Middle East, Africa) was the largest market, its share being 42 (46) percent of consolidated sales. Asia-Pacific's share of sales was 40 (36) and that of the Americas 18 (18) percent. Cargotec's strategic target is annual sales growth exceeding 10 percent.

Sales by reporting segment

MEUR	10-12/2010	10-12/2009	Change	1-12/2010	1-12/2009	Change
Industrial & Terminal	471	364	29%	1,526	1,573	-3%
Marine	276	305	-9%	1,050	1,009	4%
Internal sales	0	0		-1	-1	
Total	**747**	**669**	**12%**	**2,575**	**2,581**	**0%**

Industrial & Terminal's sales for the fourth quarter grew 29 percent from the comparison period, totalling EUR 471 (364) million. Due to a strengthening order book as the year wore on, delivery volumes grew in Industrial in particular. On the other hand, when comparing sales to the previous quarter, attention should be paid to the third quarter's seasonal nature. Sales for the comparison period, however, were low in both Industrial and Terminal, due to sparse deliveries. Industrial & Terminal's 2010 sales were EUR 1,526

(1,573) million, 3 percent lower than in 2009. Thanks to a pick-up in demand and production ramp-up, delivery volumes clearly grew at the end of the year. In the beginning of the year, sales were burdened by a low order book as well as uncompleted transfers of production between assembly factories.

Marine's sales for the fourth quarter declined 9 percent from the comparison period, totalling EUR 276 (305) million. Despite this decline, fourth quarter deliveries were healthy. Marine's 2010 sales grew 4 percent from the comparison period, to EUR 1,050 (1,009) million. This sales growth was the result of a strong order book, successful project deliveries and new orders received with a short deliver time.

Services sales for the fourth quarter grew to EUR 193 (160) million, gradually reflecting a recovery in the service market. Services sales amounted to EUR 137 (116) million at Industrial & Terminal and EUR 56 (44) million at Marine.

Services sales in 2010 grew to EUR 706 (652) million, representing 27 (25) percent of total sales reflecting market recovery. The rebound in the services markets, and resulting growth in sales, began in spare parts during the first half of the year. Thereafter, it expanded to other service areas. Services sales amounted to EUR 505 (462) million at Industrial & Terminal, representing 33 (29) percent of the reporting segment's sales. Services sales at Marine amounted to EUR 201 (190) million, which was 19 (19) percent of its sales.

Financial result

Operating profit for the fourth quarter increased clearly from the comparison period totalling EUR 38.5 (7.4) million. Operating profit includes EUR 6.0 (24.3) million in restructuring costs, of which EUR 5.4 (10.2) million are related to Industrial & Terminal, EUR 0.0 (1.9) million to Marine and EUR 0.6 (12.2) million to corporate administration and support functions.

Operating profit for the fourth quarter, excluding restructuring costs, was EUR 44.5 (31.7) million, representing 6.0 (4.7) percent of sales. Operating profit for Industrial & Terminal, excluding restructuring costs, was EUR 20.9 (-2.3) million and EUR 33.2 (40.5) million for Marine.

Consolidated operating profit in 2010 turned strongly positive, at EUR 131.4 (0.3) million, representing 5.1 (0.0) percent of total sales. Much of this improvement was due to Industrial & Terminal returning to profit. Operating profit includes EUR 10.5 (61.1) million in restructuring costs, of which EUR 8.3 (43.2) million are related to Industrial & Terminal, EUR 0.1 (1.9) million to Marine and EUR 2.1 (15.9) million to corporate administration and support functions. Restructuring costs recorded in the result for Industrial & Terminal include a capital gain from the sale of the land area and properties in Tampere, Finland. Costs of corporate administration and support functions increased due to the change in the operating model, streamlining of operations and investments in global processes and ERP system.

Operating profit in 2010, excluding restructuring costs, totalled EUR 141.9 (61.3) million. Operating profit for Industrial & Terminal, excluding restructuring costs, was EUR 37.1 (-10.3) million, representing 2.4 (-0.7) percent of its sales, and EUR 147.6 (105.2) million for Marine, representing 14.1 (10.4) percent of Marine's sales. Cargotec's strategic target is to raise its operating profit margin to 10 percent.

Industrial & Terminal's profitability continued to improve throughout the year, due to a recovering market environment and growing volumes. The streamlined and more competitive supply structure and development done in sourcing led to improved product margins. In the beginning of the year, profitability was hampered by additional costs related to challenges in ramping-up production. Although Marine's profitability remained high, as expected it turned down during the second half, with a fall in the share of very high-margin deliveries on orders won during the boom.

Net financing expenses were EUR -8.3 (-6.9) million for the fourth quarter and EUR -29.9 (-27.0) million in 2010.

Net income for the fourth quarter was EUR 23.8 (13.0) million and earnings per share EUR 0.39 (0.18). Net income in 2010 was EUR 78.0 (7.1) million and taxes EUR 23.4 (-33.9) million, representing a 23.1 (126.7) percent effective tax rate. Earnings per share in 2010 grew to EUR 1.21 (0.05).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 2,916 (2,687) million at the end of 2010. Equity attributable to equity holders was EUR 1,065 (871) million, representing EUR 17.37 (14.20) per share. Tangible assets on the balance sheet were EUR 292 (301) million and intangible assets EUR 839 (784) million. The total equity/total assets ratio increased to 42.7 (37.5) percent.

Return on equity (ROE) in 2010 was 8.0 (0.8) percent and return on capital employed (ROCE) 8.6 (0.2) percent. The dividend payment totalled EUR 27.9 (37.4) million in 2010.

As in the previous year, cash flow from operating activities, before financial items and taxes remained very robust in 2010, totalling EUR 292.9 (289.7) million. Net working capital decreased to EUR 43 (123) million at the end of 2010. Gearing fell to 16.0 (38.0) percent at the end of the year. Cargote's strategic target is to keep gearing below 50 percent over the cycle.

Cargotec's financing structure and liquidity are healthy. Interest-bearing net debt at the end of 2010 was EUR 171 (335) million. Interest bearing debt amounted to EUR 502 (612) million, of which EUR 97 (83) million was current and EUR 405 (529) million non-current debt. Average interest rate on interest-bearing debt was 3.5 (3.4) percent. Cash and cash equivalents, loans receivable and other interest-bearing assets totalled EUR 330 (277) million. In addition, at the year-end, Cargotec had EUR 585 million of undrawn long-term credit facilities, which are available until 2012–2013.

In September, Cargotec repurchased partly its euro-denominated domestic bond due in June 2012 as a part of active management of liquidity and loan refinancing risks. Cargotec agreed to repurchase a nominal amount of EUR 77.8 million from the note holders, which represents 77.8 percent of the original EUR 100 million bond issued in 2005. After this repurchase EUR 22.2 million of this bond is still out at the market.

New products and product development

Research and product development expenditure in 2010 totalled EUR 37.1 (36.5) million, representing 1.4 (1.4) percent of sales and 1.5 (1.4) percent of all operating expenses excluding restructuring costs.

Cargotec prepared to meet new engine emission regulations taking effect in 2011 in Europe and the US. New Kalmar products use engines with significantly reduced emissions but leave capacity unaffected. During the first half, integration testing of automatic stacking cranes with customer's terminal systems was finalised in the Hamburg CTB terminal and the first three cranes of eight were handed over to the customer. New products were introduced to the market, such as a new empty container handler, which meets the strictest requirements for energy efficiency and ergonomics, and a new truck-mounted forklift with a telescopic boom allowing easier loading and unloading. Cargotec also continued product development projects in order to meet the new Machine Directive 2006/42/EC safety regulations. In addition, the launch of the EcoService concept in February aimed at bringing new levels of cost efficiency, productivity and reliability to terminal customers' operations. Three new hooklifts were added to the demountable product family.

Emphasis at Cargotec was put on developing solutions for waste and recycling logistics. Cargotec also undertook the representation of waste compactors for refuse collection vehicles and started the resale of waste bin washers and related services.

Cargotec has designed an innovative vehicle transfer system for the US Navy to transfer military vehicles including tanks between ships at sea. Sea trials were successfully completed during the first quarter. The aim is to provide the US military with the capability for large-scale logistics movements from sea to shore without dependency on foreign ports.

Capital expenditure and disposals in property, plant and equipment

Capital expenditure in 2010, excluding acquisitions and customer financing, totalled EUR 43.9 (87.8) million. Investments in customer financing were EUR 16.4 (19.0) million. Depreciation in 2010 amounted to EUR 60.4 (58.7) million.

In September, Cargotec celebrated the opening of its new multi-assembly unit (MAU) in Stargard Szczeciński in Poland. The investment decision was made in April 2009. Production began in rented premises and transfer to own premises at the new site began at the end of the second quarter of 2010. Currently, load cranes, spreaders and terminal tractors are assembled in the factory. The cash flow impact of the investment cost was EUR 11 million in 2010. Total investment in 2009–2010 amounted to EUR 29 million.

In 2010, Cargotec sold land areas and properties freed up by restructuring measures in the USA, Sweden, Austria and in Tampere, Finland. The impact on cash flow was EUR 26 million in total.

Acquisitions and disposals

In October, Cargotec acquired a 10 percent minority holding in a Singaporean MacGREGOR Plimsoll (Tianjin) Pte Ltd. Subsequent to this transaction, Cargotec owns all shares in the company.

In July, Cargotec acquired a 10 percent minority holding in a Norwegian MacGREGOR Hydramarine AS. Subsequent to this transaction, Cargotec owns all shares in the company.

In March, Cargotec signed a letter of intent to acquire the remaining 25 percent minority share holding in MacGREGOR-Kayaba Ltd in Japan. The transaction was closed in May, and subsequent the transaction, Cargotec owns all the shares in the company.

In January, Cargotec sold its US-based hydraulic cylinders manufacturing business Waltco Hydraulics to Ligon Industries, LLC. Waltco Hydraulics, situated in Ohio, was part of Waltco Lift Corp. belonging to the Industrial & Terminal business area at Cargotec. Waltco Hydraulics employed 25 people.

Personnel

Cargotec employed 9,954 (9,606) people at the end of 2010. The number of personnel increased towards the end of the year as business volumes grew. Industrial & Terminal employed 7,310 (6,989) people, Marine 2,191 (2,286) and corporate-level support functions 453 (331). The average number of employees in 2010 was 9,673 (10,785). Part-time personnel represented 2 (3) percent of employees. 16 (16) percent of personnel were female and 84 (84) percent male.

At the end of 2010, 20 (19) percent of the employees were located in Sweden, 10 (11) percent in Finland and 30 (30) percent in the rest of Europe. Asia-Pacific personnel represented 25 (26) percent, North and South American 11 (11) percent, and the rest of the world 2 (2) percent of total employees.

Salaries and remunerations to employees totalled EUR 364 (351) million in 2010.

Cargotec refined its company strategy in 2010. Alongside the business strategy, the HR strategy was also re-examined. As a result, four focus areas were identified for the HR strategy: leadership, competence management, competence development and securing strategy deployment. In addition, Cargotec also focused on promoting shared operating methods and processes across the organisation.

In 2010, Cargotec conducted its first global employee survey, Cargotec Compass. This electronic survey was addressed to the entire Cargotec personnel. The response rate was high: 75 percent of Cargotec employees responded. The survey revealed that overall job satisfaction was relatively high, even if the results reflected the changes currently underway within the company. A few areas in need of improvement were identified, including the flow of information, communicating changes and cooperation. Working together was identified as a key theme for further action to be taken under Cargotec Compass.

Adjusting capacity to demand and other restructuring measures

Capacity adjustments and other restructuring measures that began in 2008 were finalised during the first quarter 2010. As a result, the number of employees fell by approximately 3,200.

Above-mentioned restructuring initiatives, including structural capacity adjustment measures, were estimated to create total annual cost savings exceeding EUR 150 million. This savings estimate includes all cost structure streamlining actions announced since the beginning of 2008.

At the end of 2010, Cargotec proceeded with its plans to transform its Tampere unit in Finland into a competence and technology centre. The plan is to change the focus of the Tampere unit from traditional manufacturing to the development of new products and solutions. Consequently, Cargotec initiated employee cooperation negotiations with current supply personnel in Tampere, on possible workforce reduction. Concluded in November, these saw a reduction of 90 employees from the production organisation in Tampere. This will be implemented in stages over the next 1.5 years. In addition, the decision was taken to continue the temporary lay-offs of production employees in Tampere.

Strategy and financial targets

In September, Cargotec refined its strategy. Cargotec will have a clear focus, meaning a prioritised set of actions and resource allocation in order to strengthen its market leadership in the coming years. Cargotec aims to grow faster than the industry average. Cargotec is determined to grow its business through customer focus, with segmentation guiding future business development. In addition, growth will be achieved by expanding Cargotec's presence and offering, particularly in emerging markets and the service business. Cargotec will also continue to develop its working practices, through aligned processes and greater internal clarity.

Strategic focus areas:

- Customers: Customer perspective lies at the heart of the refined strategy. This means focusing on selected segments, while making a flexible transition towards a more customer-driven approach.
- Services: Stronger emphasis is put on service development, in line with the customers' value chain, and on seeking growth when customers outsource their service operations.
- Emerging markets: Mature markets are showing slower growth. A successful company must be strong, particularly in growing economic areas.
- Internal clarity: Enhanced efficiency and unity are pursued through process development.

Cargotec reconfirms the financial targets based on its refined strategy. These targets reflect the growth expectations of Cargotec's industry as well as actions already implemented, or which the Company intends to implement.

Cargotec's financial targets are as follows:

- Annual sales growth exceeding 10 percent (incl. acquisitions)
- Raising operating profit margin to 10 percent
- Gearing below 50 percent (over the cycle)
- Dividend 30–50 percent of earnings per share

Process development

As part of what has become a strategic focus to increase internal clarity, Cargotec embarked on a major process development project in 2010. This will define core business processes: product portfolio development, customer relations development, and equipment, project and service solution delivery, as well as management and key support processes. Common processes will also support the enhancement and improvement of information flows as well as the clarification of the responsibilities cited as development areas in the employee survey.

Environment

The environmental principles are specified in Cargotec's environmental policy. The environmental impacts of Cargotec's operations, i.e. its assembly unit, service units and offices, are primary local. Environmental impacts are also caused by business travel and material deliveries. However, Cargotec's operations have a relatively minor effect on global environment. Cargotec's supply chain and the use of its products represent the company's greatest indirect environmental impacts. As an industry leader, Cargotec strives to minimise these impacts through research and development aimed at creating environmentally friendly and energy efficient solutions.

In 2010, with a view to assessing the environmental impact of all its products, Cargotec continued developing its Pro Future environmental criteria. This involved a study of sustainable development criteria for hatch covers, drawn up alongside the Lappeenranta University of Technology, Finland. Information from this project will be used to asses other products and in developing the Pro Future criteria.

In managing the environmental impacts of its operations, as well as in issues concerning quality, health and safety, Cargotec relies on its certified environmental, quality and safety systems. In addition, an environmental and occupational health monitoring system is in place, providing company-wide key indicators. Cargotec's latest achievements include the certification of its Polish assembly factory for its environment, occupational health and quality systems. As part of its process development project, Cargotec began to unify and develop its environmental and occupational health and safety processes in line with the One Company operating model. The expertise existing in Cargotec's various organisations was brought to bear on this project, and common targets were set.

Almost all assembly units are using the key environmental, occupational health and safety indicator monitoring system. Describing the environmental impacts of Cargotec's own operations, these key indicators are published each year on Cargotec's website. Occupational health and safety indicators are used for internal development.

Internal control and risk management

The objective of Cargotec's internal control is to ensure that management decisions are implemented, decision making is sound and appropriate and that personnel comply with company policies as well as non-company regulations and laws. Cargotec's internal control is based on its values and the Code of conduct.

In Cargotec, risk management is part of internal control operations. Revised in the autumn of 2010, the Risk management policy provides a structured account of risks and risk management. The objective of the value-based revision was to link risk management more strongly with key business and support processes and management systems, while creating proactive, systematic risk management practices.

Responsibility for risk management is distributed within Cargotec as follows: The Board of Directors is responsible for ensuring the organisation of sufficient risk management and control. The President and CEO and Executive Board are responsible for the implementation of this risk policy and for the risk management process of Cargotec as a whole. Risk management is conducted as far as is possible and practical in the business units and support functions, when running day-to-day processes. Identification, assessment, treatment planning and reporting are incorporated in planning and decision-making processes. The Corporate Risk Management function's role is to develop and coordinate the overall risk management framework and process. The Risk Management function also is responsible for facilitating the final risk assessment and consolidation of risk reports, as part of the annual planning and budgeting process and the strategy process. Financial risks are centrally managed by Corporate Treasury.

Strategic and business risks are related to business cycles in the world economy and Cargotec’s customer sectors, the availability of raw materials and components and the related price trends, mergers and acquisitions, and the operations of dealers and subcontractors. In addition, the ever clearer shift in operations towards developing markets requires risk management, not only concerning the shift but also actual operation in these markets.

Operational risks relate to persons, property, processes, products, information technology and practices. The materialisation of operational risks may result in bodily injuries, property damage, business interruptions or product liability claims. First and foremost, Cargotec’s main operational risk management measures involve better product safety and business processes in order to ensure business continuity. With respect to key person risks, succession plans for leadership and key assignments are updated on an annual basis for the purpose of ensuring continuity in operations.

Main hazard risks include risks related to personnel, property, business interruptions and logistics. Cargotec has worldwide insurance covering all units.

Changes in the organisation and management

Cargotec’s governance model was further developed, resulting in changes in the responsibilities of three Executive Board members as of 1 April 2010. Pekka Vauramo was appointed Chief Operating Officer (COO) and will continue as Deputy to CEO. In his new role, Mr Vauramo is responsible for Cargotec’s three business areas and three regions. At the beginning of 2011, Pekka Vauramo relocated to Hong Kong to drive Cargotec's development initiatives in Asia-Pacific.

As of 1 April 2010 Cargotec's businesses was reorganised into three business areas: Marine, Industrial & Terminal and Services. Cargotec’s financial reporting is based on two reporting segments: Marine and Industrial & Terminal. In financial reporting, the Services business is included in the figures of these two reporting segments, while its sales will continue to be reported as additional information.

The development of services in both Marine and Industrial & Terminal segments is driven by a joint Services organisation. Stefan Gleuel was appointed Executive Vice President, Services. Unto Ahtola was appointed to lead the Industrial & Terminal business area as Executive Vice President.

Other members of the Cargotec Executive Board are: Mikael Mäkinen, President and CEO; Olli Isotalo, Executive Vice President, Marine business area; Axel Leijonhufvud, Executive Vice President, Supply; Eeva Sipilä, Executive Vice President, Chief Financial Officer; Kirsi Nuotto, Executive Vice President, HR and Communications; Matti Sommarberg, Executive Vice President, Chief Technology Officer; Harald de Graaf, Executive Vice President, EMEA region; Ken Loh, Executive Vice President, Asia-Pacific region and Lennart Brelin, Executive Vice President, Americas region.

Senior Executive Vice President, Kari Heinistö, and Executive Vice President of Hiab business area, Pekka Vartiainen, left the Executive Board in January.

Annual General Meeting

Decision taken at Cargotec Corporation's Annual General Meeting

Cargotec Corporation's Annual General Meeting (AGM) was held on 5 March 2010 in Helsinki. The AGM approved the financial statements and consolidated financial statements and granted discharge from liability to the President and CEO and the members of the Board of Directors for the accounting period 1 January–31 December 2009.

The AGM approved a dividend of EUR 0.39 per class A share and EUR 0.40 per class B share outstanding be paid.

The number of the members of the Board of Directors was confirmed at seven. Tapio Hakakari, Ilkka Herlin, Peter Immonen, Karri Kaitue, Antti Lagerroos and Anja Silvennoinen were re-elected to the Board of Directors. Teuvo Salminen was elected as a new member to the Board of Directors. The meeting decided that a yearly remuneration of EUR 80,000 be paid for the Chairman, EUR 55,000 for the Deputy Chairman and EUR 40,000 for the other Board members. In addition, it was decided that members receive EUR 500 for attendance at Board and Committee meetings and that 30 percent of the yearly remuneration will be paid in Cargotec Corporation's class B shares and the rest in cash.

Authorised public accountants Johan Kronberg and PricewaterhouseCoopers Ltd were re-elected as auditors.

Option programme

The AGM confirmed that stock options 2010A, 2010B and 2010C will be issues to the key personnel of Cargotec and its subsidiaries. The maximum total number of stock options issued will be 1,200,000 and the stock options entitle their owners to subscribe for a maximum total of 1,200,000 new class B shares in Cargotec or existing class B shares held by the company. The share subscription price will be based on the volume weighted average price of the company's class B share on NASDAQ OMX Helsinki Ltd. during two full weeks following the AGM in 2010, 2011 and 2012.

More information about stock options follows in the section "Shares and trading, Option programme 2010".

Authorisations granted by the Annual General Meeting

The AGM authorised the Board of Directors to decide on repurchasing of own shares with non-restricted equity. The shares may be repurchased in order to develop the capital structure of the company, to finance or carry out possible acquisitions, to implement the company's share-based incentive plans, to be transferred for other purposes or to be cancelled. Altogether no more than 6,400,000 own shares may be purchased, of which no more than 952,000 are class A shares and 5,448,000 are class B class. The above mentioned amounts include the 2,959,487 class B shares repurchased during 2005–2008 in company's possession on the AGM date.

In addition, the AGM authorised the Board to decide on issuance of a maximum of 6,400,000 treasury shares, of which no more than 952,000 are class A shares and 5,448,000 are class B shares, in one or more lots. The share issue can be directed and it is to be used to as compensation in acquisitions and in other arrangements, to finance acquisitions or for personnel incentive purposes. The Board of Directors has also the right to decide on the transfer of the shares in public trading on NASDAQ OMX Helsinki Ltd. according to its rules and regulations. The Board of Directors was also authorised to decide on other conditions of the share issue.

Both authorisations shall remain in effect for a period of 18 months from date of decision of the AGM.

Organisation of the Board of Directors

The Board of Directors elected Ilkka Herlin to continue as Chairman of the Board and Tapio Hakakari as Vice Chairman. Outi Aaltonen, Senior Vice President, Cargotec's General Counsel, was elected as Secretary to the Board of Directors.

The Board of Directors elected among its members Ilkka Herlin, Karri Kaitue, Anja Silvennoinen and Teuvo Salminen (chairman) as members of the Audit Committee. Board members Tapio Hakakari, Ilkka Herlin (chairman), Peter Immonen and Antti Lagerroos were elected to the Nomination and Compensation Committee.

Shares and trading

Share capital

There were no changes in Cargotec Corporation's share capital in 2010. On 31 December 2010, share capital totalled EUR 64,304,880. At the end of 2010, the number of class B shares listed on NASDAQ OMX Helsinki Ltd. was 54,778,791 while that of unlisted class A shares totalled 9,526,089. At the Annual General Meeting, each class A share is assigned one vote, as is each block of ten class B shares, with the provision that each shareholder is entitled to at least one vote. On 31 December 2010, class B shares accounted for 85.2 (85.2) percent of the total number of shares and 36.5 (36.5) percent of votes. Class A shares accounted for 14.8 (14.8) percent of the total number of shares and 63.5 (63.5) percent of votes. Total number of votes attached to all shares was 15,002,570 (15,002,624). At the end of 2010, Cargotec Corporation had 16,982 (18,010) registered shareholders. There were 12,831,581 (11,286,140) nominee-registered shares, representing 19.95 (17.75) percent of the total number of shares, which corresponds to 8.55 (7.52) percent of all votes.

Own shares

At the end of the financial period, Cargotec held a total of 2,959,487 own class B shares, accounting for 4.60 percent of the share capital and 1.97 percent of the total voting rights of all shares. The shares were repurchased in 2005–2008.

The Board of Directors decided to exercise the authorisation conferred by the AGM held on 5 March 2010, to acquire own shares. No own shares, however, were repurchased in 2010.

Share-based incentive programme 2010

In March 2010, the Board of Directors decided to establish a new share-based incentive programme. The programme aims to ensure alignment of the objectives of shareholders and executives in order to increase the value of Cargotec, while committing the executives to the company, and offering them a competitive incentive programme based on ownership in the company.

The programme includes three earnings period, each of them lasting three calendar years, and they commence in 2010, 2011 and 2012. The Board of Directors will decide on the earnings criteria and on targets to be established for them, as well as the maximum amount of the payable reward for each earnings period. The target group of the first earnings period is Cargotec Executive Board members and the earnings criteria are Cargotec's operating profit margin and sales of the fiscal year 2012.

The potential reward will be paid partly as Cargotec's class B shares and partly in cash in 2013, 2014 and 2015. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward. The rewards to be paid on the basis of the earning period 2010–2012 will correspond to the approximate value of a maximum total of 100,000 Cargotec class B shares (including also the proportion to be paid in cash).

The remaining earnings periods 2010 and 2011 of the former share-based incentive programme 2007–2011 were not commenced as the new programme replacing the current programme was implemented as from the beginning of 2010. On the basis of the former programme, a total of 31,356 class B shares were paid as reward to key personnel for the first earning period 2007–2008. No rewards were paid for the second earning period 2009 as the targets established for the earnings criteria were not attained. A total of 387,500 series B shares were initially reserved for the programme.

Option programme 2010

The AGM confirmed that stock options will be issues to the key personnel of Cargotec and its subsidiaries. The target group of the programme is approximately 60 persons including the members of Cargotec Executive Board. The share subscription period for stock options 2010A, will be 1 April 2013–30 April 2015, for stock options 2010B, 1 April 2014–30 April 2016 and for stock options 2010C, 1 April 2015–30 April 2017.

The beginning of the share subscription period requires attainment of targets established for a performance criterion determined by the Board of Directors annually. Those stock options, for which the targets have not been attained, will expire. The Board of Directors has decided that if the operating profit of the financial year 2010 is below EUR 100 million, the share subscription period with stock options 2010A will not commence; if the operating profit of the financial year 2010 is at least EUR 100 million but below EUR 120 million, the share subscription period will commence with half of the stock options 2010A; if the operating profit of the financial year 2010 is EUR 120 million or above, the share subscription period will commence with all of the stock options 2010A.

The operating profit target for 2010 having been fulfilled, share subscription will begin in April 2013 covering all 2010A stock options issued, as per the programme terms and conditions. The share subscription price for stock option 2010A is EUR 21.35/share. Dividends paid annually will be deducted of subscription price.

The Board decides performance criterion for 2010B and 2010C stock options in 2011 and 2012 and subscription prices for 2010B and 2010C stock options will be determined after 2011 and 2012 AGMs

Market capitalisation and trading

At the end of 2010, the total market value of class B shares was EUR 2,023 million, excluding treasury shares held by the company. The period-end market capitalisation, in which unlisted class A shares are valued at the average price of class B shares on the last trading day of the financial period, was EUR 2,390 million, excluding treasury shares held by the company.

The class B share price doubled in 2010 from EUR 19.31 to EUR 39.03 on NASDAQ OMX Helsinki Ltd. The volume weighted average share price in 2010 was EUR 26.08, the highest quotation being EUR 39.37 and the lowest EUR 19.16. In 2010, a total of 47 (55) million class B shares were traded on NASDAQ OMX Helsinki Ltd., corresponding to a turnover of EUR 1,226 million. The average daily trading volume of class B shares was 186,891 shares or EUR 4,864,852.

In 2010, in addition to NASDAQ OMX Helsinki Ltd., a total of 35 (13) million class B shares were traded on several alternative market places, corresponding to a turnover of EUR 886 million. Shares were mainly traded in Chi-X and BATS Europe.

Short-term risks and uncertainties

Developments in the global economy and cargo flows have a direct effect in Cargotec's business environment and customers' willingness to invest. Although the global recovery has reflected positively on Cargotec's business environment, there is still uncertainty and sudden changes cannot be ruled out. If these materialise, they may have a negative impact on Cargotec's short-term outlook, should the company prove unable to adapt its operations accordingly with sufficient speed.

Cargotec's wide group of customers and suppliers requires active and continuous monitoring, in order to minimise risks associated with credit losses or supply chain disruptions. Credit loss risks typically diminish as markets recover. On the other hand, with all parts of the supply chain ramping up production, recovering markets can be subject to occasional problems in component availability. The resulting supply problems could weaken the development of sales and profitability.

Cargotec estimates that the recovery of shipbuilding market has begun and the cancellation risk in order book has decreased. On the other hand, cancellations could occur in the form of postponed deliveries. This would have a negative impact on the development of short-term sales and operating profit. An estimated EUR 200 million of Marine's order book involves a risk of cancellation.

Events after financial period

At the end of January 2011, Cargotec announced an acquisition of a US based terminal operating systems provider Navis. The transaction value is approximately USD 190 million (approximately EUR 140 million). By acquiring the leading TOS provider Navis, Cargotec will further strengthen its ability to provide total solutions for its terminal customers. The company has more than 300 employees of which the majority is located in the United States and India. Its sales are expected to be around USD 70 million in 2011, with around 40 percent recurring sales. The acquisition is subject to regulatory approvals from competition authorities, which are expected to be received during the first quarter of 2011.

In January, Cargotec signed a EUR 300 million five-year revolving credit facility. It replaces an undrawn EUR 300 million facility maturing in May 2012. With refinancing and prolonging the maturity, Cargotec strengthens its long-term liquidity and takes advantage of the favourable market conditions.

In December, Cargotec become a majority shareholder in Kalmar (Malaysia) Sdn. Bhd. by increasing its ownership in the company from 50.0 to 69.9 percent. The deal was closed in early January 2011.

In November 2010, Cargotec acquired the assets of a Swedish installation and service company, Hallberg-Ivarsson Hydraulik & Påbyggnad AB, located in Gothenburg. The company specialises in installation and services for on-road load handling equipment and heavy vehicles. The deal was closed in early January 2011.

Board of Directors' proposal on the distribution of profit

The parent company's distributable equity on 31 December 2010 was EUR 900,630,347.75 of which net income for the period was EUR 49,943,386.27. The Board of Directors proposes to the AGM convening on 8 March 2011, that of the distributable profit, a dividend of EUR 0.60 for each of the 9,526,089 class A shares and EUR 0.61 for each of the 51,819,304 outstanding class B shares be paid, totalling EUR 37,325,428.84. The remaining distributable equity, EUR 863,304,918.91 will be retained and carried forward.

No significant changes have occurred in the Cargotec's financial position after the end of the financial year. Liquidity is good and the proposed distribution of dividend poses no risk to the company's financial standing.

Outlook

Cargotec's 2011 sales are estimated to grow over 10 percent based on estimated strong growth both in the Industrial & Terminal and Marine segments. The recovery in the market situation and increased order intake are estimated to boost growth for Industrial & Terminal while the strong order book in the beginning of the year is estimated to support growth in Marine sales. Cargotec's 2011 operating profit margin is estimated to continue to improve as a result of growth and significant efficiency improvement measures executed during the past years.

Annual General Meeting 2011

Cargotec Corporation's Annual General Meeting will be held at the Marina Congress Center in Helsinki on Tuesday, 8 March 2011 at 1.00 pm EET.

Financial calendar 2011

Interim report January–March 2011, on Thursday, 28 April 2011
Interim report January–June 2011, on Thursday, 21 July 2011
Interim report January–September 2011, on Thursday, 27 October 2011

Cargotec Corporation will publish its Corporate governance statement 2010 on week 6 together with the Online Annual Report. The statement will be published separately from the Board of Directors' report and it will be available after publishing on Cargotec's website www.cargotec.com.

Helsinki, 3 February 2011
Cargotec Corporation
Board of Directors

Condensed consolidated statement of income

MEUR	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Sales	**746.9**	**668.6**	**2,575.0**	**2,580.9**
Cost of goods sold	-599.1	-546.6	-2,052.2	-2,158.7
Gross profit	**147.8**	**122.1**	**522.8**	**422.2**
Gross profit, %	*19.8*	*18.3*	*20.3*	*16.4*
Other operating income	15.3	12.5	43.2	42.7
Selling and marketing expenses	-43.0	-32.5	-146.0	-144.5
Research and development expenses	-9.2	-9.2	-34.7	-34.4
Administration expenses	-51.2	-42.2	-197.9	-179.0
Restructuring costs	-6.0	-24.3	-10.5	-61.1
Other operating expenses	-15.7	-19.8	-46.3	-46.5
Share of associated companies' and joint ventures' net income	0.5	0.9	0.8	0.8
Operating profit	**38,5**	**7.4**	**131.4**	**0.3**
Operating profit, %	*5.2*	*1.1*	*5.1*	*0.0*
Financing income	4.5	3.4	16.2	14.5
Financing expenses	-12.8	-10.4	-46.1	-41.6
Income before taxes	**30.2**	**0.5**	**101.4**	**-26.7**
Income before taxes, %	*4.0*	*0.1*	*3.9*	*-1.0*
Taxes	-6.3	12.5	-23.4	33.9
Net income for the period	**23.8**	**13.0**	**78.0**	**7.1**
Net income for the period, %	*3.2*	*1.9*	*3.0*	*0.3*
Net income for the period attributable to:				
Equity holders of the company	23.7	11.3	74.2	3.1
Non-controlling interest	0.2	1.7	3.8	4.0
Total	**23.8**	**13.0**	**78.0**	**7.1**
Earnings per share for profit attributable to the equity holders of the company:				
Basic earnings per share, EUR	0.39	0.18	1.21	0.05
Diluted earnings per share, EUR	0.39	0.18	1.21	0.05

Consolidated statement of comprehensive income

MEUR	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Net income for the period	23.8	13.0	78.0	7.1
Gain/loss on cash flow hedges	19.5	-10.5	102.5	6.9
Gain/loss on cash flow hedges transferred to statement of income	-5.7	1.1	-25.6	36.2
Translation differences	29.3	6.9	124.3	20.5
Taxes relating to components of other comprehensive income	-8.2	0.6	-53.7	-14.6
Comprehensive income for the period	**58.8**	**11.1**	**225.5**	**56.1**
Comprehensive income for the period attributable to:				
Equity holders of the company	58.6	9.8	220.3	52.1
Non-controlling interest	0.2	1.4	5.2	4.0
Total	**58.8**	**11.1**	**225.5**	**56.1**

Consolidated statement of financial position

ASSETS, MEUR	31 Dec 2010	31 Dec 2009
Non-current assets		
Goodwill	748.9	689.6
Other intangible assets	89.7	94.7
Property, plant and equipment	292.4	301.2
Investments in associated companies and joint ventures	6.5	7.5
Available-for-sale investments	4.3	1.5
Loans receivable and other interest-bearing assets 1)	7.7	7.4
Deferred tax assets	103.6	113.9
Derivative assets	20.0	9.1
Other non-interest-bearing assets	5.1	8.0
Total non-current assets	**1,278.2**	**1,233.0**
Current assets		
Inventories	678.8	609.3
Loans receivable and other interest-bearing assets 1)	4.9	2.9
Income tax receivables	16.0	30.6
Derivative assets	73.5	38.8
Accounts receivable and other non-interest-bearing assets	546.3	506.1
Cash and cash equivalents 1)	317.7	266.6
Total current assets	**1,637.4**	**1,454.5**
Assets held for sale	**0.4**	**-**
Total assets	**2,916.0**	**2,687.4**

EQUITY AND LIABILITIES, MEUR	31 Dec 2010	31 Dec 2009
Equity attributable to the equity holders of the company		
Share capital	64.3	64.3
Share premium account	98.0	98.0
Translation differences	86.8	-1.1
Fair value reserves	33.3	-24.9
Retained earnings	783.0	734.6
Total equity attributable to the equity holders of the company	**1,065.4**	**870.8**
Non-controlling interests	3.7	10.6
Total equity	**1,069.0**	**881.5**
Non-current liabilities		
Loans 1)	403.8	511.2
Deferred tax liabilities	58.7	29.7
Pension obligations	45.2	37.8
Provisions	24.9	19.0
Derivative liabilities	3.9	28.4
Other non-interest-bearing liabilities	33.7	28.6
Total non-current liabilities	**570.1**	**654.7**
Current liabilities		
Current portion of long-term loans 1)	41.1	23.0
Other interest-bearing liabilities 1)	55.4	60.1
Provisions	65.0	66.2
Advances received	411.3	339.0
Income tax payables	22.4	40.1
Derivative liabilities	38.6	58.0
Accounts payable and other non-interest-bearing liabilities	642.8	564.8
Total current liabilities	**1,276.8**	**1,151.3**
Total equity and liabilities	**2,916.0**	**2,687.4**

1) Included in interest-bearing net debt. In addition, the calculation of the interest-bearing net debt includes the hedging of cross-currency risk relating to the USD 300 million Private Placement bond, totalling on 31 December 2010, EUR 1.2 (31 Dec 2009: 17.5) million.

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Translation differences	Fair value reserves	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to the equity holders of the company							
Equity on 1 Jan 2009	64.3	98.0	-20.4	-54.5	768.0	855.3	9.1	864.4
Net income for the period					3.1	3.1	4.0	7.1
Comprehensive income for the period*								
Cash flow hedges				29.6		29.6	0.0	29.6
Translation differences			19.3			19.3	0.0	19.3
Dividends paid					-36.7	-36.7	-1.5	-38.2
Shares subscribed with options	0.0	0.0				0.0		0.0
Share-based incentives, value of received services *					0.1	0.1		0.1
Other changes							-1.0	-1.0
Equity on 31 Dec 2009	**64.3**	**98.0**	**-1.1**	**-24.9**	**734.6**	**870.9**	**10.6**	**881.5**
Equity on 1 Jan 2010	64.3	98.0	-1.1	-24.9	734.6	870.9	10.6	881.5
Net income for the period					74.2	74.2	3.8	78.0
Comprehensive income for the period*								
Cash flow hedges				58.2		58.2	-0.4	57.8
Translation differences			87.9			87.9	1.8	89.6
Dividends paid					-24.4	-24.4	-2.0	-26.4
Share-based incentives, value of received services *					0.8	0.8	0.0	0.8
Other changes					-2.2	-2.2	-10.2	-12.3
Equity on 31 Dec 2010	**64.3**	**98.0**	**86.8**	**33.3**	**783.0**	**1,065.4**	**3.7**	**1,069.0**

* Net of tax

Key figures

		1-12/2010	1-12/2009
Equity/share	EUR	17.37	14.20
Interest-bearing net debt	MEUR	171.2	334.8
Total equity/total assets	%	42.7	37.5
Gearing	%	16.0	38.0
Return on equity	%	8.0	0.8
Return on capital employed	%	8.6	0.2

Consolidated statement of cash flows

MEUR	1-12/2010	1-12/2009
Net income for the period	78.0	7.1
Depreciation and impairments	60.5	60.0
Financing items and taxes	53.3	-6.9
Change in receivables	21.1	243.9
Change in payables	91.4	-301.6
Change in inventories	-4.5	287.9
Other adjustments	-7.0	-0.8
Cash flow from operations	**292.9**	**289.7**
Interest received	3.3	1.8
Interest paid*	-27.0	-25.3
Dividends received	0.0	0.0
Other financial items	19.5	36.6
Income taxes paid	-29.4	-38.6
Cash flow from operating activities	**259.3**	**264.2**
Capital expenditure	-63.2	-106.8
Proceeds from sales of fixed assets	36.7	29.7
Acquisitions, net of cash	-40.1	-7.6
Cash flow from investing activities, other items	-1.8	-2.5
Cash flow from investing activities	**-68.3**	**-87.2**
Proceeds from share subscriptions	0.0	0.0
Acquisition of treasury shares	0.0	0.0
Proceeds from long term borrowings	0.0	100.6
Repayments of long term borrowings	-106.3	-4.2
Proceeds from short term borrowings	1.9	16.5
Repayments of short term borrowings	-13.0	-46.9
Dividends paid	-27.9	-37.4
Cash flow from financing activities	**-145.2**	**28.6**
Change in cash	**45.8**	**205.6**
Cash, cash equivalents and bank overdrafts at the beginning of period	252.5	45.9
Effect of exchange rate changes	5.4	0.9
Cash, cash equivalents and bank overdrafts at the end of period	**303.6**	**252.5**
Bank overdrafts at the end of period	14.1	14.2
Cash and cash equivalents at the end of period	**317.7**	**266.6**

* Cash flow from financial items and taxes include EUR 0.2 (1-12/2009: 0.1) million capitalised interests.

Segment reporting

Sales, MEUR	1-12/2010	1-12/2009
Industrial & Terminal	1,526	1,573
Marine	1,050	1,009
Internal sales	-1	-1
Total	**2,575**	**2,581**

Operating profit, MEUR	1-12/2010	1-12/2009
Industrial & Terminal	37.1	-10.3
Marine	147.6	105.2
Corporate administration and support functions	-42.8	-33.5
Operating profit excluding restructuring costs	**141.9**	**61.3**
Restructuring costs:		
Industrial & Terminal	8.3	43.2
Marine	0.1	1.9
Corporate administration and support functions	2.1	15.9
Total restructuring costs	**10.5**	**61.1**
Total	**131.4**	**0.3**

Operating profit, %	1-12/2010	1-12/2009
Industrial & Terminal*	2.4	-0.7
Marine*	14.1	10.4
Cargotec, operating profit excluding restructuring costs	5.5	2.4
Cargotec	5.1	0.0

* Excluding restructuring costs.

Sales by geographical area, MEUR	1-12/2010	1-12/2009
EMEA	1,087	1,193
Asia-Pacific	1,022	931
Americas	466	457
Total	**2,575**	**2,581**

Sales by geographical area, %	1-12/2010	1-12/2009
EMEA	42.2	46.2
Asia-Pacific	39.7	36.1
Americas	18.1	17.7
Total	**100.0**	**100.0**

Orders received, MEUR	1-12/2010	1-12/2009
Industrial & Terminal	1,690	1,260
Marine	1,040	569
Internal orders received	-1	-1
Total	**2,729**	**1,828**

Order book, MEUR	31 Dec 2010	31 Dec 2009
Industrial & Terminal	680	546
Marine	1,675	1,604
Internal order book	0	0
Total	**2,356**	**2,149**

Capital expenditure, MEUR	1-12/2010	1-12/2009
In fixed assets (excluding acquisitions)	43.5	86.9
In leasing agreements	0.5	0.9
In customer financing	16.4	19.0
Total	**60.3**	**106.8**

Number of employees at the end of period	31 Dec 2010	31 Dec 2009
Industrial & Terminal	7,310	6,989
Marine	2,191	2,286
Corporate administration and support functions	453	331
Total	**9,954**	**9,606**

Average number of employees	1-12/2010	1-12/2009
Industrial & Terminal	7,055	8,023
Marine	2,190	2,476
Corporate administration and support functions	428	285
Total	**9,673**	**10,785**

Notes

Taxes in income statement

MEUR	1-12/2010	1-12/2009
Current year tax expense	36.9	20.9
Change in deferred tax assets and liabilities	-10.0	-44.5
Tax expense for previous years	-3.4	-10.3
Total	**23.4**	**-33.9**

Commitments

MEUR	31 Dec 2010	31 Dec 2009
Guarantees	0.5	0.5
Dealer financing	0.0	0.1
End customer financing	8.9	10.3
Operating leases	69.5	49.1
Other contingent liabilities	3.5	3.7
Total	**82.3**	**63.7**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 474.4 (31 Dec 2009: 554.7) million.

Cargotec leases property, plant and equipment under non-cancellable operating leases. The leases have varying terms and renewal rights. It is not anticipated that any material liabilities will arise from trade finance commitments.

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Dec 2010	Negative fair value 30 Dec 2010	Net fair value 30 Dec 2010	Net fair value 31 Dec 2009
FX forward contracts	80.1	42.6	37.5	-28.6
Cross-currency and interest rate swaps	13.4	-	13.4	-9.9
Total	**93.5**	**42.6**	**50.9**	**-38.5**
Non-current portion:				
FX forward contracts	6.6	3.9	2.7	-9.4
Cross-currency and interest rate swaps	13.4		13.4	-9.9
Non-current portion	**20.0**	**3.9**	**16.1**	**-19.3**
Current portion	**73.5**	**38.7**	**34.8**	**-19.2**

Cross currency and interest rate swaps hedge the US Private Placement corporate bond funded in February 2007.

Nominal values of derivative financial instruments

MEUR	30 Dec 2010	31 Dec 2009
FX forward contracts	3,017.3	2,386.5
Cross-currency and interest rate swaps	225.7	225.7
Total	**3,243.1**	**2,612.3**

Acquistions and disposals

In October, Cargotec acquired a 10 percent minority holding in a Singaporean MacGREGOR Plimsoll (Tianjin) Co. Ltd., in July a 10 percent minority holding in a Norwegian MacGREGOR Hydramarine AS and in May, a 25 percent minority holding in a Japanese MacGREGOR-Kayaba Ltd. Subsequent to these acquisitions, Cargotec owns all shares in the above mentioned companies.

In January, Cargotec sold its US-based hydraulic cylinders manufacturing business Waltco Hydraulics to Ligon Industries, LLC. This transaction had no material impact on Cargotec's result or cash flow.

Accounting principles

The Financial statements review 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 for 2010. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

Adoption of the new and revised IFRS standards as of 1 January 2010

Starting from 1 January 2010 Cargotec has adopted the following revised standards published in 2008 and 2009 by the IASB:

- IFRS 3R, Business Combinations (revised). The adoption of the revised standard has an impact on the accounting of business combinations.
- Amendment to IAS 27 Consolidated and Separate Financial Statements. The amendment has an impact on accounting of the changes in ownership in subsidiaries.
- Amendment to IAS 39, Financial Instruments: Recognition and Measurement: Eligible Hedged Items. The amendment clarifies the guidance of the hedge accounting.

Additionally, Cargotec has adopted the amendments related to the IFRS 2008 and 2009 Annual Improvements, which have been endorsed by EU. Aforementioned changes have no material impact on the financial statements.

Restatement of reporting segments' comparable figures

As of January 1, 2010 Cargotec has two reporting segments, Industrial & Terminal and Marine. At the same time the definition of Services business was clarified. Reporting segments' financial information for comparable periods has been restated accordingly.

Calculation of key figures

Equity / share	=		Total equity attributable to the equity holders of the Company / Share issue-adjusted number of shares at the end of period (excluding treasury shares)
Interest-bearing net debt	=		Interest-bearing debt* - interest-bearing assets
Total equity / total assets (%)	=	100 x	Total equity / Total assets - advances received
Gearing (%)	=	100 x	Interest-bearing debt* - interest-bearing assets / Total equity
Return on equity (%)	=	100 x	Net income for period / Total equity (average for period)
Return on capital employed (%)	=	100 x	Income before taxes + interest and other financing expenses / Total assets - non-interest-bearing debt (average for period)
Basic earnings / share	=		Net income for the period attributable to the equity holders of the Company / Share issue-adjusted weighted average number of shares during the period (excluding treasury shares)

* Including cross currency hedging of the USD 300 million Private Placement corporate bonds.

Quarterly figures

Cargotec		Q4/2010	Q3/2010	Q2/2010	Q1/2010	Q4/2009
Orders received	MEUR	716	683	732	598	464
Order book	MEUR	2,356	2,395	2,433	2,239	2,149
Sales	MEUR	747	635	638	555	669
Operating profit*	MEUR	44.5	42.8	38.8	15.8	31.7
Operating profit*	%	6.0	6.7	6.1	2.8	4.7
Basic earnings/share	EUR	0.39	0.38	0.32	0.13	0.18

Industrial & Terminal		Q4/2010	Q3/2010	Q2/2010	Q1/2010	Q4/2009
Orders received	MEUR	462	389	423	415	304
Order book	MEUR	680	710	740	637	546
Sales	MEUR	471	379	362	314	364
Operating profit*	MEUR	20.9	16.0	7.4	-7.3	-2.3
Operating profit*	%	4.4	4.2	2.0	-2.3	-0.6

Marine		Q4/2010	Q3/2010	Q2/2010	Q1/2010	Q4/2009
Orders received	MEUR	254	294	309	183	160
Order book	MEUR	1,675	1,686	1,694	1,602	1,604
Sales	MEUR	276	256	277	241	305
Operating profit	MEUR	33.2	36.4 *	43.7 *	34.3 *	40.5 *
Operating profit	%	12.0	14.2 *	15.8 *	14.2 *	13.3 *

* Excluding restructuring costs