Cargotec's Interim Report January–June 2009 – Demand Remained on Low Level

Report Highlights – January–June

- Orders received totalled EUR 928 (1–6/2008: 2,168) million.
- The order book was EUR 2,555 (31.12.2008: 3,054) million at the end of the reporting period.
- Sales declined 17 percent and were EUR 1,353 (1–6/2008: 1,627) million.
- Operating profit excluding restructuring costs was EUR 18.0 (107.3) million, representing 1.3 (6.6) percent of sales.
- Operating profit was EUR -3.9 (107.3) million. Operating profit includes EUR 21.9 (0.0) million of restructuring costs.
- Cash flow from operating activities before financial items and taxes totalled EUR 106.8 (94.7) million.
- Net income for the period amounted to EUR -5.8 (70.1) million.
- Earnings per share was EUR -0.11 (1.11).

Report Highlights – second quarter

- Orders received totalled EUR 471 (4–6/2008: 1,013) million.
- Sales declined 25 percent and were EUR 678 (901) million.
- Operating profit excluding restructuring costs was EUR 3.0 (63.1) million, representing 0.4 (7.0) percent of sales.
- Operating profit was EUR -10.0 (63.1) million. Operating profit includes EUR 13.1 (0.0) million of restructuring costs.

Cargotec's President and CEO Mikael Mäkinen:
"As stated earlier, demand continued weak during the second quarter. The whole first half of 2009 has been an extremely challenging time in cargo handling, and has required heavy restructuring of our operations. Our global supply footprint will change significantly during this year. Additionally, we aim for a clearly better and more efficient operating model in our sales and services network. The strong cash flow during the first half is an excellent achievement in this market situation", states President and CEO Mikael Mäkinen.

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 (EEST) at Cargotec's head office, Sörnäisten rantatie 23, Helsinki. The event will be held in English. The interim report will be presented by President and CEO Mikael Mäkinen. The presentation material will be available on www.cargotec.com by 2.00 pm (EEST).

The telephone conference, during which questions may be presented, may be accessed at the following numbers ten minutes before the beginning of the event: US callers +1 646 843 4608, non-US callers +44 20 3023 4412, access code Cargotec Corporation.

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

A replay of the conference call will be available until 3.00 pm July 22, 2009 (EEST), in the following numbers: US callers +1 866 583 1035, non-US callers +44 20 8196 1998, access code 136498#.

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Cargotec improves the efficiency of cargo flows by offering solutions for the loading and unloading of goods on land and at sea – wherever cargo is on the move. Cargotec's main daughter brands for cargo handling Hiab, Kalmar and MacGregor are global market leaders in their fields. Cargotec's global network offers extensive services that ensure the continuous, reliable and sustainable performance of equipment. Cargotec's sales totalled EUR 3.4 billion in 2008 and it employs approximately 11,000 people. Cargotec's class B shares are quoted on the NASDAQ OMX Helsinki. www.cargotec.com

Operating environment
Demand for load handling equipment was weak throughout the first half of 2009. The marked fall in construction and new truck sales has significantly weakened demand for load handling equipment. With their fleets under-utilised, customers are postponing investment decisions in the current, uncertain economic situation. Due to the weak market situation in wood industry, the forestry crane markets are particularly challenging. In addition, low demand has intensified price competition between equipment manufacturers.

A drop in the number of containers handled in ports in early 2009 prompted customers to reappraise planned investments in container handling equipment. Activity in the markets with respect to investment projects underway and some currently under planning did not feed through into orders. The Asia Pacific market area saw greater levels of activity than elsewhere in the world, due to publicly funded infrastructure projects. Demand for forklift trucks and terminal tractors saw a clear fall due to faltering industrial production and distribution centre activity.

The markets for marine cargo handling equipment have contracted sharply, following the end of the shipbuilding boom of the last few years. During the first half of 2009, marine cargo handling equipment was ordered mainly for ships ordered in 2008. However, towards the end of the review period, a slight rise in crude oil prices reflected positively in the offshore equipment markets. Overcapacity in shipping has led to the idling of vessels, their use for storage purposes and increased scrapping. Furthermore, orders around the world for new ships have been extremely low this year. Nevertheless, cancellations of orders for marine cargo handling equipment have so far remained at moderate levels.

Partly idle equipment lowered demand for services. However, the services markets are in better shape than the equipment markets. Lower cargo handling equipment utilisation rates also affected spare parts sales. While customers remain interested in more flexible operating models, they are slower to make the related decisions.

Orders Received
Orders received in the first half totalled EUR 928 (2,168) million. The number of orders received fell in all business areas, due to economic weakness. It should also be noted that the order intake during the comparison period 2008 was record-high in both Kalmar and MacGregor. The value of the orders secured during the second quarter was EUR 471 (1,013) million, reaching the same level as during the first quarter.

MEUR	1-6/2009	Share, %	1-6/2008	Share, %	Change, %	1-12/2008
Hiab	268	29	467	21	-43	818
Kalmar	411	44	853	39	-52	1,566
MacGregor	251	27	854	39	-71	1,393
Internal orders	-2		-5			-9
Total	**928**	**100**	**2,168**	**100**	**-57**	**3,769**

Hiab
Of total orders received in January–June, Hiab accounted for EUR 268 (467) million while its share of orders received in during the second quarter was EUR 130 (238) million.

Major part of the orders Hiab secured were small individual orders, which is typical of its operations. The number of orders received continued to decline from the previous year, due to low demand especially in construction-related customer segments.

In May, Hiab received an order for 60 loader cranes and 39 hooklifts for trucks supplied to the Finnish Defence Forces. Delivery of the equipment will begin during the third quarter of 2009.

In February, Hiab received a major order for 292 loader cranes from BAE Systems Inc. in the US. Delivery of the equipment started during the first quarter and will continue throughout the year. This order follows the contract received in September 2008.

Kalmar

Of total orders received in January–June, Kalmar accounted for EUR 411 (853) million while its share of orders received in during the second quarter was EUR 187 (363) million. The uncertainty in the container handling outlook reflected in customers' investment decisions lengthening decision-making processes. The lower usage rates of container handling equipment reduced replacement investments.

During the second quarter, Kalmar received an order for three E-One+ rubber-tyred gantry cranes (RTG) from Liscont Operadores de Contentores, SA in Lisbon, Portugal. The equipment will be delivered to the Liscont Container Terminal at Alcântara during the first half of 2010. In addition, Kalmar secured a contract with Thessaloniki Port Authority in Greece for seven forklift trucks to be delivered by the end of the reporting period. Furthermore, an order for 46 rough terrain container handlers was received from Tank-Automotive Armament Command (TACOM), which is part of the US Department of Defence. The equipment will be manufactured at Cargotec's new factory in Texas, US, during 2010–2011. The order is continuation to an order for 62 rough terrain container handlers received during the first quarter.

During the first quarter, Kalmar signed a contract to provide 20 shuttle carriers to TTI Algeciras S.A. in Spain. The equipment will be delivered by January 2010. In addition, Kalmar received an order for reachstackers and heavy range terminal tractors from Vestas Towers in the US. The equipment will be used to lift wind turbine tower sectors and will be customised with special attachments. This equipment was delivered during the second quarter.

During the first quarter, Kalmar also received terminal tractor orders from, for example, China, Tunis and Russia. A total of 50 medium range terminal tractors will be delivered to the port of Ningbo, China. A total of 20 heavy range terminal tractors will be delivered to the port of Sociate Tunisienne De Acconage, Tunis and 15 terminal tractors to the port of Novorossiisk Commercial Sea, Russia.

In March, Cargotec Port Security, which is part of Kalmar, won its first commercial contract for a spreader-mounted radiation detection system from US based Lockheed Martin. The system meets the requirements of US immigration officials.

MacGregor

Of total orders received in the first half, MacGregor accounted for EUR 251 (854) million while its share of orders received during the second quarter was EUR 155 (415) million. The drop in orders received reflected the exceptional shipbuilding boom strongly slowing down. However, competitors' delivery problems reflected positively on orders and requests when shipyards aim to secure schedules of their projects with help from MacGregor.

During the second quarter, MacGregor won cargo handling crane and hatch cover orders for container ships and bulk carriers. Orders for hatch covers to be installed on 10 bulk carriers were received from Sungdong Shipbuilding & Marine Engineering in South Korea. The equipment will be delivered in 2010. Hatch covers for 32 container ships under construction in Japan and South Korea will be delivered during 2010–2012. This order includes the design and key components for the hatch covers. An order was received for the supply of cargo handling cranes and hatch covers for six container ships under construction at Chinese shipyard Rongcheng Shenfei Shipbuilding Co Ltd. The scope of supply for each vessel includes five cranes and the design of, and key components for, hatch covers. The equipment will be delivered in 2010–2012.
In addition, an order was received for 96 cargo handling cranes destined for 24 bulk carriers at ABG Shipyard Ltd in India, for Asian and European owners. Delivery of the cranes is planned to start at the end of 2009 and continue until mid 2013. Futhermore, in May, MacGregor received orders for RoRo equipment from French Compagnie Meridionale de Navigation and the French Navy.

During the second quarter, MacGregor also won an order for two twin boom level luffing cargo handling cranes from the US Navy. Along with the delivery of the new cranes, the order includes the removal and disposal of the existing cranes, the refurbishment of existing boom stands and crane bases, as well as providing preparatory work for a crane stabilisation system. The cranes are expected to be operational by March 2011.

During the first quarter, MacGregor received significant orders to deliver linkspans to Jordan, Morocco and Ireland. The equipment will be delivered at the end of 2009 and at the beginning of 2010. MacGregor linkspan technology is tailored to suit a particular port’s specific circumstances.

In February, Japanese Taiheiyo Engineering ordered MacGregor selfunloading systems to be installed on two coastal cement carriers guaranteeing high capacity cargo discharging, low power consumption and high reliability. Close co-operation with the company for many years resulted to the order. The equipment will be delivered in 2010.

In March, MacGregor won a contract to deliver specially-designed RoRo equipment to two logistic support vessels from the Australian Navy. The equipment will be delivered in 2010 and 2011.

In March, MacGregor also received an order for 28 hose handling and provision cranes from Korean shipyard Daewoo Shipbuilding & Marine Engineering Co. The cranes are destined for five very large crude carriers and two liquid natural gas carriers and they will be delivered during 2010 and 2012.

Cargotec Services
The general economic slowdown also affected activity in the services market, but to a smaller extent than in the equipment market. Although a large number of small contracts typical of the services business were signed, customers are delaying decision-making related to major contracts.

During the first quarter, a five-year equipment servicing and maintenance contract was signed with the Durres Port Authority in Albania. In addition to equipment servicing and maintenance, contract includes the management of the parts inventory.

Order Book

Order book totalled EUR 2,555 (December 31, 2008: 3,054) million on June 30, 2009. Of the total order book, Hiab accounted for EUR 138 (164) million, Kalmar EUR 514 (704) million and MacGregor EUR 1,903 (2,187) million. Hiab's order book is about two months, Kalmar's about six months and MacGregor's approximately 18 months long. An estimated 80 percent of MacGregor's order book will be delivered by the end of 2010. Order cancellations booked in MacGregor in the first half totalled EUR 90 million.

MEUR	30.6.2009	Share, %	31.12.2008	Share, %	Change, %
Hiab	138	5	164	5	-16
Kalmar	514	20	704	23	-27
MacGregor	1,903	74	2,187	72	-13
Internal order book	0		-1		
Total	**2,555**	**100**	**3,054**	**100**	**-16**

Sales

First half sales totalled EUR 1,353 (1,627) million. Sales declined 17 percent from the previous year. Only deliveries of marine cargo handling equipment grew from the previous year. Sales for the second quarter were EUR 678 (901) million.

MEUR	1-6/2009	Share, %	1-6/2008	Share, %	Change, %	1-12/2008
Hiab	292	22	483	30	-39	907
Kalmar	588	43	717	44	-18	1,515
MacGregor	475	35	431	26	10	985
Internal sales	-2		-4			-8
Total	**1,353**	**100**	**1,627**	**100**	**-17**	**3,399**

Hiab's sales declined and were EUR 292 (483) million in the first half. Second quarter sales were EUR 139 (253) million. This decline is attributable to the low order intake in the first half. The low sales volume reflects the general weakness in the load handling equipment market and customers' lack of willingness to invest.

Kalmar's first-half sales totalled EUR 588 (717) million, of which EUR 282 (396) was attributable to the second quarter. Delivery volumes were healthy in the first half, thanks to the high order book at the beginning of the year, but due to the slowdown in the markets, heavy material handling equipment began to be affected by falling volumes during the second quarter.

MacGregor's sales development was favourable in the first half totalling EUR 475 (431) million. This sales growth was the result of the strong order intake in previous years. Successful project deliveries led to steady growth in sales volumes in the first half. Second quarter sales was EUR 257 (254) million.

Sales from services amounted to EUR 364 (414) million in the first half, representing 27 (25) percent of total sales. Sales from services declined 12 percent from the comparison period level, which is a consequence of lower demand in all segments in services business. Services accounted for 30 (22) percent of the first half sales at Hiab, 29 (29) percent at Kalmar and 23 (22) percent at MacGregor.

Financial Result

First half operating profit totalled EUR -3.9 (107.3) million. The operating profit includes EUR 21.9 (0.0) million of restructuring costs.

Operating profit excluding restructuring costs for the first half was EUR 18.0 (107.3) million, representing 1.3 (6.6) percent of sales. The operating profit also includes a EUR 2.7 (3.1) million cost impact for the purchase price allocation treatment of acquisitions and EUR 6.0 (2.8) million costs from the On the Move change programme.

Operating profit, particularly in Hiab, was eroded by the low production capacity utilisation rate. Moreover, material costs, still partly burdened by previous high price trends, weakened the profitability of product deliveries made by Hiab and Kalmar. MacGregor's profitability developed positively.

Second half operating profit totalled EUR -10.0 (63.1) million. Operating profit includes EUR 13.1 (0.0) million of restructuring costs. Operating profit excluding restructuring costs for the second quarter was EUR 3.0 (63.1) million, representing 0.4 (7.0) percent of sales.

The lag in the realisation of cost savings resulting from major restructuring activities led to such savings being insufficient to offset the impact on profit of plummeting demand. Of the EUR 25 million cost savings targeted by the restructuring measures initiated in 2008 close to EUR 20 million are estimated to come through this year, while the remainder in 2010. Additionally, the restructuring initiated during the period under review targets EUR 25 million annual cost savings.

Net income for the first half was EUR -5.8 (70.1) million and earnings per share EUR -0.11 (1.11).

Balance Sheet, Financing and Cash Flow

On June 30, 2009, net working capital decreased to EUR 246 (December 31, 2008: 324) million. This fall was due to shrunken component and materials inventories and lower receivables. In addition, at the turn of the year the balance sheet showed a significant amount of work-in-progress, which healthy early-year delivery volumes within Kalmar and MacGregor has reduced. Tangible assets on the balance sheet were EUR 297 (284) million and intangible assets EUR 765 (754) million.

Cash flow from operating activities before financial items and taxes for the first half was EUR 106.8 (94.7) million. The dividend payment totalled EUR 37.1 (65.7) million.

Net debt at the end of the reporting period was EUR 467 (December 31, 2008: 478) million, including EUR 624 (565) million in interest-bearing debt. The total equity/total assets ratio was 34.6 (33.0) percent while gearing increased to 57.5 (55.3) percent. Gearing, raised by dividend payments in the first quarter, fell back in the second.

Cargotec's financing structure is healthy. Interest-bearing debt consists mainly of long-term corporate bonds maturing from the year 2012. On March 31, 2009, Cargotec had EUR 585 million of unused long-term credit facilities.

In order to strengthen its financial structure, Cargotec raised a total of EUR 100 million as five-year Pension Premium Loans (TyEL) in March and June 2009.

Return on equity for the first half was -1.4 (15.6) percent and return on capital employed was -0.4 (15.9) percent.

New Products and Product Development

Research and product development expenditure for the first half was EUR 19.3 (22.8) million, representing 1.4 (1.4) percent of sales. Despite the weakened market situation, Cargotec continues to invest in product development.

Hiab introduced several new products in the small crane product family. In addition, Hiab launched the first stiff boom crane for the Chinese market. Furthermore, a new 30-tonne demountable was introduced in Hiab's demountable product family.

During the second quarter, Kalmar introduced an electrical shuttle carrier. With this new technology, the equipment features reduced fuel consumption and lower emissions. Additionally, three new hybrid terminal tractors for technology trials were supplied to the Port of Long Beach, US.

In January Kalmar launched a new heavy range terminal tractor for LoLo (lift-on, lift-off) operations. The tractor has been designed in close co-operation with customers and it meets the strictest requirements for ergonomics and driveability, power and economy as well as environmental friendliness.

During the first half, Kalmar automatic stacking crane system development concerning the performance testing was finalised in Hamburg CTB terminal. The automatic stacking crane meets German requirements for security systems. Integration testing with customer's terminal system begins in July 2009.

Kalmar was also preparing of commencing ship-to-shore crane production in Asia. At the same time, Kalmar has changed its cranes so that it is easier to make the final assembly on the customer's site. This makes the transportation simpler and less expensive. New Kalmar ship-to-shore cranes will be delivered with a new crane control system that includes the crane's control, crane management and fault diagnostics.

In May, MacGregor introduced an innovative ultra-deepwater lifting system, which includes a side-mounted hang-off frame for transfer of loads from a steel-rope winch fitted standard crane to vertically suspended fibre ropes. The development is continuation to the January delivery of the first subsea knuckle-jib crane equipped with an option for fibre rope handling. Technology for handling lightweight fibre rope rather than traditional steel wire rope offers several advantages: much heavier loads can be handled without strain to the crane at unlimited depths and consequently, overall safety is improved due to the lighter equipment which still can carry out heavy work operations.

Capital Expenditure

Capital expenditure for the first half, excluding acquisitions and customer financing, totalled EUR 41.9 (29.1) million. Investments in customer financing were EUR 13.7 (20.2) million.

Cargotec made the decision to proceed with an investment plan for a multi-assembly unit (MAU) in Stargard Szczecinski in Northern Poland, to improve its global supply footprint. Production will start in rented premises in the same region during 2009. The new MAU in Stargard Szczecinski is planned to support the production of a wide range of Cargotec equipment. Production start in own premises on the new site is planned for the second quarter of 2010. The estimated cash flow impact of the investment cost in 2009 will be close to EUR 20 million, of which EUR 4 million related mainly to land purchase incurred in the second quarter.

The expansion of container spreader production capacity in Malaysia continued during the reporting period. The new factory for rough terrain container handlers in Texas, USA, started production. In addition, the capacity expansion investment in Narva, Estonia and the doubling of production capacity in Shanghai, China, were finalised during the first half.

On the Move Change Programme

In January 2008, Cargotec announced the launch of an extensive On the Move change programme aiming at a profitability improvement of EUR 80–100 million. The change programme aims to form a basis for profitable growth through improved customer focus and efficiency.

The projects in the first phase have focused on streamlining support functions and company structure as well as initiating IM projects that improve efficiency. These projects continue and changes in company structure will to a large extent be finalised during the year.

The implementation of the programme continues with the launch of a new governance model for management and organisation. There are three key functions: solutions, supply and support that develop Cargotec’s processes across business area boundaries.

At the beginning of 2009, Cargotec established a common Supply organisation, which is responsible for sourcing and supply and which is developing global supply closer to customers as well as towards lower cost environments. During 2009, Cargotec will implement a significant change in its supply footprint. In 2008, the decision was taken to close a factory in the USA and Finland. In addition, similar decisions were taken during the period under review, affecting factories in the Netherlands and Sweden. As a consequence of these factory closures and in order to enhance efficiency, the operations and capacity utilisation of the remaining factories will be developed.

As a part of the On the Move change programme, Cargotec is developing a new operating model for Hiab and Kalmar business areas globally. Cargotec has formed a new Customer Operations organisation. According to the plan, Hiab and Kalmar business areas will merge their current separate sales and services organisations into three regions: Cargotec Americas, Cargotec Asia Pacific and Cargotec EMEA, as part of the organisation. Additionally, preparation work for a common operating model for both products and services solutions has also started.

Acquisitions

During the period, Cargotec acquired an 18 percent minority of Kalmar España S.A., after which Cargotec owns all the shares of the company.

Personnel

On June 30, 2009, Cargotec employed 10,775 (12,097) people. Hiab employed 3,729 (4,685) people, Kalmar 4,242 (4,737), and MacGregor 2,492 (2,527). The average number of employees during the first half was 11,308 (11,567). The number of personnel in support functions has increased due to the establishment of Cargotec's shared service centre as well as common supply and country organisations.

Of Cargotec's total employees, 19 (20) percent were located in Sweden, 12 (14) percent in Finland and 31 (30) percent in the rest of Europe. North and South American personnel represented 11 (11) percent, Asia Pacific 26 (23) percent and the rest of the world 2 (2) percent of total employees.

As a result of the restructuring measures initiated in September 2008, the number of personnel decreased by 812 by the end of the first half: by 509 in Hiab, by 294 in Kalmar, and by 9 in corporate functions. These restructuring measures will lead to a total personnel reduction of 960; including 270 in Finland and 250 in Sweden.

Restructuring measures continued in the first half of 2009 as market conditions weakened further. The co-operation negotiations undertaken during 2009 involve a total of approximately 1,400 people. Of this total approximately 450 people work in Hiab, 400 in Kalmar and 110 in MacGregor business area. In addition, Cargotec began planning of a major reorganisation and efficiency initiative to combine its Hiab and Kalmar sales and services networks in Europe, Middle-East and Africa (EMEA) affecting some 400 people. As of end of June, 61 persons from the EMEA organisation and 360 from the other 2009 restructuring in Hiab and Kalmar as well as 110 from MacGregor had left.

Furthermore, a significant number of temporary lay-offs have been agreed on in several locations.

Changes in management

Following the announcement in June of Cargotec's plans to develop a new operating model for Hiab and Kalmar business areas globally, and the formation of a new Customer Operations organisation, Pekka Vauramo was appointed Senior Executive Vice President, Cargotec Customer Operations as of July 1, 2009. He will continue in his role as Deputy to CEO and as a member of Cargotec Executive Board. Harald de Graaf was appointed Executive Vice President, Cargotec EMEA, as of July 1, 2009. In addition, de Graaf will continue to be responsible for Corporate Development and will remain a member of Cargotec Executive Board. Kirsi Nuotto, a member of Cargotec's Executive Board, was appointed Executive Vice President, Human Resources and Communications as of July 1, 2009.

New branding strategy

Cargotec has defined a new corporate-wide branding strategy and launched a new visual look, aimed at strengthening the Cargotec name and its main strategic brands Hiab, Kalmar and MacGregor. The new brand strategy supports Cargotec's 'One Company' approach and is built on the strong reputation of its market-leading brands.

Cargotec's visibility is more prominent in the common new visual identity of all of these brands. They all share a common symbol, the elephant. The Cargotec elephant will be displayed on most materials together with the three main brands, Hiab, Kalmar and MacGregor. These three brands all have a strong reputation within Cargotec's customer base and, also in the future, the products will be branded with these names.

Annual General Meeting

Decision Taken at Cargotec Corporation's Annual General Meeting

Cargotec Corporation's Annual General Meeting was held on March 5, 2009 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 January 1–December 31, 2008.

The AGM approved a dividend of EUR 0.59 per each of class A shares and EUR 0.60 per each of class B shares outstanding to be paid.

The number of the members of the Board of Directors was confirmed at six. Tapio Hakakari, Ilkka Herlin, Peter Immonen, Karri Kaitue and Antti Lagerroos were re-elected to the Board of Directors. Anja Silvennoinen was elected as a new member of 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 money.

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

Authorisations Granted by the Annual General Meeting

The AGM authorised the Board of Directors to decide on purchasing of own shares with non-restricted equity. 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. 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 class. The above mentioned amounts include the class B shares repurchased during 2005–2008 already in the Company's possession, of which there are currently 2,990,725 such class B shares.

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. 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. Tapio Hakakari was elected as Deputy Chairman. Cargotec's Senior Executive Vice President Kari Heinistö continues to act as secretary of the Board of Directors.

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

Shares and trading

Share Capital

Cargotec's share capital on June 30, 2009 totalled EUR 64,304,880. The share capital increased by EUR 600 due to share subscriptions with Cargotec 2005B option rights during the reporting period. On June 30, 2009, the number of class B shares listed on the NASDAQ OMX Helsinki was 54,778,791 while that of unlisted class A shares totalled 9,526,089.

Own shares

Cargotec held a total of 2,959,369 Company's own class B shares on June 30, 2009. The shares were repurchased in 2005–2008.

The Board of Directors decided to exercise the authorisation of the Annual General Meeting on March 5, 2009, to acquire the Company's own shares. In accordance with the authorisation 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. No own shares were repurchased during the reporting period.

Share Ownership Plan – Issue of Own Shares as Reward Payment

The Board of Directors decided on March 5, 2009 on a directed bonus issue of 31,356 class B shares owned by the Company to the 61 participants of the Company's share-based incentive programme as reward payment for the earnings period 2007–2008. The decision of the directed bonus issue is based on the authorisation of the Annual General Meeting of Shareholders held on March 5, 2009. The maximum amount to be paid out as shares from the incentive programme during 2007–2011 is 387,500 class B shares.

Option Rights

The Company has no valid option programme. The subscription period with 2005B option rights ended March 31, 2009. A total of 333,570 Cargotec class B shares were subscribed with 2005B option rights during the subscription period. After the end of the subscription period, the unused option rights have become null and void and been removed from their holders' book-entry accounts.

Market Capitalisation and Trading

On June 30, 2009, the total market value of class B shares was EUR 634 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 reporting period, was EUR 752 million, excluding treasury shares held by the Company.

The closing price of class B shares on June 30, 2009 was EUR 12.23. The average share price for January–June was EUR 9.02 the highest quotation being EUR 13.25 and the lowest EUR 6.37. In January–June, approximately 34 million class B shares were traded on the NASDAQ OMX Helsinki, corresponding to a turnover of approximately EUR 305 million.

Short-term Risks and Uncertainties
The continuation of weakness in the world economy, which has prevailed the first half of the year, creates significant short-term risks and uncertainties for Cargotec's operations. These relate to the effects on demand for Cargotec's products and services, and the willingness of customers to invest. The fact that many factors underlying the uncertainty are beyond the control of the company merely serves to amplify the challenge confronting risk analysis.

A prolonged weak market situation could further erode demand for Cargotec's products and services or disrupt its supply chain. The credit crunch may see the postponement of investment decisions, or the cancellation or postponement of orders. Furthermore, customers' financial situations will affect the collection of receivables and the level of credit loss. The weak market situation is also burdening suppliers and sub-contractors, which may have a knock-on effect on Cargotec's supply chain. Cargotec still estimates that around 20 percent of MacGregor's order book at the beginning of the year contains a risk of cancellation, which deducting the already realised cancellation figure of EUR 90 million for the first half of 2009 corresponds to approximately EUR 350 million.

A significant number of adjustment measures are underway. Efficient implementation of the measures forms the prerequisite for improving profitability. In a strongly deteriorating market, internal measures do not always provide the required flexibility quickly enough, exacerbating the challenges faced by Hiab and Kalmar, while MacGregor's business model based on outsourcing most of the delivery chain is more flexible.

Outlook
Due to the weak market situation, demand for Cargotec's products is expected to continue clearly lower than last year, the decline being milder in services.

Despite expected growth in marine cargo handling business Cargotec's 2009 sales are estimated to decline approximately 25 percent from the previous year's level

An estimated total of approximately EUR 50 million will be booked as productivity-improving restructuring costs for 2009, with EUR 22 million reported in the first half.

Cargotec estimates 2009 operating profit after restructuring costs to be slightly positive, however, cash flow from operations is estimated to continue clearly positive in the second half of 2009.

Financial Calendar
Interim Report January–September 2009 on Thursday October 22, 2009
2009 Financial Statements Review on Wednesday February 3, 2009

Helsinki, July 20, 2009
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Cargotec's Interim Report January-June 2009

Condensed Consolidated Statement of Income

MEUR	4-6/2009	4-6/2008	1-6/2009	1-6/2008	1-12/2008
Sales	677.9	900.6	1,352.8	1,627.2	3,399.2
Cost of goods sold	-578.7	-710.9	-1,144.3	-1,293.3	-2,762.5
Gross profit	99.2	189.7	208.5	333.9	636.7
Gross profit, %	14.6 %	21.1 %	15.4 %	20.5 %	18.7 %
Costs and expenses	-96.1	-126.6	-190.5	-226.6	-444.5
Restructuring costs	-13.1	-	-21.9	-	-19.1
Share of associated companies' and joint ventures' income	-0.1	0.0	0.0	0.0	0.6
Operating profit	-10.0	63.1	-3.9	107.3	173.7
Operating profit, %	-1.5 %	7.0 %	-0.3 %	6.6 %	5.1 %
Financing income and expenses	-8.7	-6.5	-14.0	-11.2	-28.5
Income before taxes	-18.8	56.7	-17.9	96.1	145.2
Income before taxes, %	-2.8 %	6.3 %	-1.3 %	5.9 %	4.3 %
Taxes	11.5	-18.0	12.1	-26.0	-24.4
Net income for the period	-7.3	38.7	-5.8	70.1	120.8
Net income for the period, %	-1.1 %	4.3 %	-0.4 %	4.3 %	3.6 %
Net income for the period attributable to:					
Equity holders of the Company	-7.6	38.0	-6.9	68.9	118.4
Minority interest	0.4	0.7	1.1	1.2	2.4
Total	-7.3	38.7	-5.8	70.1	120.8
Earnings per share for profit attributable to the equity holders of the Company:					
Basic earnings per share, EUR	-0.12	0.61	-0.11	1.11	1.91
Diluted earnings per share, EUR	-0.12	0.61	-0.11	1.10	1.91

Consolidated Statement of Comprehensive Income

	4-6/2009	4-6/2008	1-6/2009	1-6/2008	1-12/2008
Net income for the period	-7.3	38.7	-5.8	70.1	120.8
Gain/loss on cash flow hedges	21.1	-10.2	-34.4	25.1	-131.1
Gain/loss on cash flow hedges transferred to Income Statement	14.0	-3.2	36.6	-6.8	29.2
Translation differences	-17.4	-0.3	-10.8	-10.6	9.8
Taxes relating to components of other comprehensive income	-5.8	3.9	-0.9	-5.0	27.9
Comprehensive income for the period	4.7	28.9	-15.2	72.8	56.6
Comprehensive income for the period attributable to:					
Equity holders of the Company	4.1	29.7	-15.8	71.7	53.2
Minority interest	0.6	-0.8	0.6	1.2	3.4
Total	4.7	28.9	-15.2	72.8	56.6

The consolidated comprehensive income is presented according to revised IAS 1.

Condensed Consolidated Statement of Financial Position

ASSETS MEUR	30.6.2009	30.6.2008	31.12.2008
Non-current assets			
Intangible assets	765.1	778.0	754.1
Tangible assets	296.7	265.5	283.5
Loans receivable and other interest-bearing assets 1)	7.4	6.6	7.7
Investments	8.5	8.5	9.0
Non-interest-bearing assets	119.8	83.9	160.3
Total non-current assets	1,197.5	1,142.6	1,214.6
Current assets			
Inventories	744.3	820.3	881.9
Loans receivable and other interest-bearing assets 1)	1.5	0.3	0.2
Accounts receivable and other non-interest-bearing assets	651.7	753.4	863.0
Cash and cash equivalents 1)	148.1	95.6	79.2
Total current assets	1,545.6	1,669.7	1,824.3
Total assets	2,743.1	2,812.2	3,038.9

EQUITY AND LIABILITIES MEUR	30.6.2009	30.6.2008	31.12.2008
Equity			
Shareholders' equity	803.0	895.8	855.3
Minority interest	8.7	7.3	9.1
Total equity	811.8	903.1	864.4
Non-current liabilities			
Loans 1)	536.6	419.7	440.2
Deferred tax liabilities	36.5	47.3	43.0
Provisions	21.6	37.9	34.6
Pension benefit and other non-interest-bearing liabilities	119.7	89.3	144.7
Total non-current liabilities	714.4	594.2	662.5
Current liabilities			
Loans 1)	73.8	53.1	114.6
Provisions	71.9	62.0	70.4
Advances received	396.6	363.2	420.4
Accounts payable and other non-interest-bearing liabilities	674.6	836.8	906.5
Total current liabilities	1,216.9	1,315.0	1,512.0
Total equity and liabilities	2,743.1	2,812.2	3,038.9

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 EUR 13.5 (June 30, 2008: 35.4 and December 31, 2008: 10.2) million on June 30, 2009.

Consolidated Statement of Changes in Equity

MEUR	Share capital	Share premium account	Translation differences	Fair value reserves	Retained earnings	Total	Minority interest	Total equity
	Attributable to the equity holders of the Company							
Equity on 1.1.2008	64.2	97.4	-29.6	19.9	738.7	890.6	6.1	896.7
Comprehensive income for the period*			-10.6	13.3	68.9	71.7	1.2	72.8
Dividends paid					-65.3	-65.3	-0.3	-65.6
Shares subscribed with options	0.0	0.4				0.4		0.4
Acquisition of treasury shares					-2.3	-2.3		-2.3
Share-based incentives, value of received services *					0.7	0.7		0.7
Other changes							0.3	0.3
Equity on 30.6.2008	64.3	97.7	-40.2	33.3	740.7	895.8	7.3	903.1
Equity on 1.1.2009	64.3	98.0	-20.4	-54.5	768.0	855.3	9.1	864.4
Comprehensive income for the period*			-10.5	1.6	-6.9	-15.8	0.6	-15.2
Dividends paid					-36.7	-36.7	-0.4	-37.1
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						0.0	-0.5	-0.5
Equity on 30.6.2009	64.3	98.0	-30.9	-52.9	724.5	803.0	8.7	811.8

* Net of tax

Condensed Consolidated Statement of Cash Flows

MEUR	1-6/2009	1-6/2008	1-12/2008
Net income for the period	-5.8	70.1	120.8
Depreciation	27.5	27.8	60.1
Other adjustments	1.9	37.2	52.3
Change in working capital	83.2	-40.3	-99.4
Cash flow from operations	106.8	94.7	133.8
Cash flow from financial items and taxes	-12.7	-22.2	-40.1
Cash flow from operating activities	94.1	72.6	93.7
Acquisitions	-2.9	-34.2	-46.5
Cash flow from investing activities, other items	-43.1	-51.7	-108.6
Cash flow from investing activities	-46.0	-85.9	-155.1
Acquisition of treasury shares	-	-2.3	-23.6
Proceeds from share subscriptions	0.0	0.4	0.7
Dividends paid	-37.1	-65.7	-66.6
Proceeds from long-term borrowings	96.8	0.7	0.7
Repayments of long-term borrowings	-0.7	-1.8	-2.4
Proceeds from short-term borrowings	3.8	15.0	61.3
Repayments of short-term borrowings	-42.3	-16.4	-32.0
Cash flow from financing activities	20.3	-70.0	-61.9
Change in cash	68.5	-83.4	-123.3
Cash, cash equivalents and bank overdrafts at the beginning of period	45.9	167.5	167.5
Effect of exchange rate changes	0.6	-0.1	1.7
Cash, cash equivalents and bank overdrafts at the end of period	115.0	84.1	45.9
Bank overdrafts at the end of period	33.1	11.6	33.3
Cash and cash equivalents at the end of period	148.1	95.6	79.2

Key Figures

		1-6/2009	1-6/2008	1-12/2008
Equity/share	EUR	13.09	14.38	13.95
Interest-bearing net debt	MEUR	466.8	405.5	477.8
Total equity/total assets	%	34.6	36.9	33.0
Gearing	%	57.5	44.9	55.3
Return on equity	%	-1.4	15.6	13.7
Return on capital employed	%	-0.4	15.9	12.7

Segment Reporting

Sales by geographical segment, MEUR	1-6/2009	1-6/2008	1-12/2008
EMEA	680	959	1 901
Americas	223	255	556
Asia Pacific	450	413	942
Total	1,353	1,627	3,399

Sales by geographical segment, %	1-6/2009		1-6/2008		1-12/2008	
EMEA	50.3	%	58.9	%	55.9	%
Americas	16.5	%	15.7	%	16.4	%
Asia Pacific	33.2	%	25.4	%	27.7	%
Total	100.0	%	100.0	%	100.0	%

Sales, MEUR	1-6/2009	1-6/2008	1-12/2008
Hiab	292	483	907
Kalmar	588	717	1,515
MacGregor	475	431	985
Internal sales	-2	-4	-8
Total	1,353	1,627	3,399

Operating profit, MEUR	1-6/2009		1-6/2008	1-12/2008	
Hiab	-20.0	*	36.2	49.4	**
Kalmar	19.3	*	51.7	89.6	**
MacGregor	41.7		33.8	83.6	
Corporate administration and support functions	-23.0	*	-14.4	-29.8	**
Operating profit from operations	18.0	*	107.3	192.8	**
Restructuring costs	-21.9		-	-19.1	
Total	-3.9		107.3	173.7	

Operating profit, %	1-6/2009		1-6/2008		1-12/2008		
Hiab	-6.8	% *	7.5	%	5.4	%	**
Kalmar	3.3	% *	7.2	%	5.9	%	**
MacGregor	8.8	%	7.8	%	8.5	%	
Cargotec, operating profit from operations	1.3	% *	6.6	%	5.7	%	**
Cargotec	-0.3	%	6.6	%	5.1	%	

* Excluding restructuring costs of which business segment Hiab accounted for EUR 14.2 million, Kalmar for EUR 6.3 million and Corporate administration and support functions for EUR 1.4 million.
** Excluding restructuring costs of which business segment Hiab accounted for EUR 14.1 million, Kalmar for EUR 4.5 million and Corporate administration and support functions for EUR 0.3 million.

Orders received, MEUR	1-6/2009	1-6/2008	1-12/2008
Hiab	268	467	818
Kalmar	411	853	1,566
MacGregor	251	854	1,393
Internal orders received	-2	-5	-9
Total	928	2,168	3,769

Order book, MEUR	30.6.2009	30.6.2008	31.12.2008
Hiab	138	238	164
Kalmar	514	790	704
MacGregor	1,903	2,334	2,187
Internal order book	0	-2	-1
Total	2,555	3,360	3,054

Capital expenditure, MEUR	1-6/2009	1-6/2008	1-12/2008
In fixed assets (excluding acquisitions)	41.6	28.9	75.7
In leasing agreements	0.3	0.2	1.1
In customer financing	13.7	20.2	35.9
Total	55.6	49.4	112.8

Number of employees at the end of period	30.6.2009	30.6.2008	31.12.2008
Hiab	3,729	4,685	4,308
Kalmar	4,242	4,737	4,766
MacGregor	2,492	2,527	2,577
Corporate administration and support functions	312	148	175
Total	10,775	12,097	11,826

Average number of employees	1-6/2009	1-6/2008	1-12/2008
Hiab	4,045	4,523	4,509
Kalmar	4,495	4,588	4,680
MacGregor	2,503	2,347	2,449
Corporate administration and support functions	265	109	139
Total	11,308	11,567	11,777

Notes

Taxes in income statement

MEUR	1-6/2009	1-6/2008	1-12/2008
Current year tax expense	1.6	33.6	44.3
Change in deferred tax assets and liabilities	-8.7	-4.1	-9.7
Tax expense for previous years	-5.0	-3.6	-10.2
Total	-12.1	26.0	24.4

Commitments

MEUR	30.6.2009	30.6.2008	31.12.2008
Guarantees	0.2	0.7	0.2
Dealer financing	0.1	0.2	0.2
End customer financing	10.1	6.3	11.5
Operating leases	57.0	47.0	48.0
Other contingent liabilities	3.9	3.6	4.0
Total	71.3	57.8	63.9

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 30.6.2009	Negative fair value 30.6.2009	Net fair value 30.6.2009	Net fair value 30.6.2008	Net fair value 31.12.2008
FX forward contracts, cash flow hedges	55.0	136.4	-81.5	23.8	-119.4
FX forward contracts, non-hedge accounted	5.1	4.4	0.7	0.8	67.2
Cross currency and interest rate swaps, cash flow hedges	0.4	2.4	-2.1	-14.6	23.7
Total	60.4	143.2	-82.8	10.0	-28.4
Non-current portion:					
FX forward contracts, cash flow hedges	14.7	50.7	-35.9	5.6	-53.2
Cross currency and interest rate swaps, cash flow hedges	0.4	2.4	-2.1	-14.6	23.7
Non-current portion	15.1	53.1	-38.0	-9.1	-29.5
Current portion	45.3	90.1	-44.8	19.1	1.1

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

Nominal values of derivative financial instruments

MEUR	30.6.2009	30.6.2008	31.12.2008
FX forward contracts	2,687.8	3,107.3	3,617.5
Cross currency and interest rate swaps	225.7	225.7	225.7
Total	2,913.5	3,333.1	3,843.3

Acquisitions

In March, Cargotec acquired the 18% minority share of Kalmar España, S.A. After acquisition, Cargotec has 100% ownership of the company's shares.

Hiab has established a small joint-venture focusing on the environmental segment in China.

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 2008. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

Adoption of new and revised standards starting on January 1, 2009
Starting from January 1, 2009 Cargotec has adopted the following new and revised standards by the IASB published in 2008:
- IFRS 8, Operating segments: The adoption of the new standard does not have a material effect on the interim financial statements, as Cargotec segment reporting was also previously aligned with management reporting, and the accounting principles of the management reporting are consistent with those of the financial reporting.
-IAS 1, Presentation of Financial Statements: The adoption of the revised standard has an impact on the presentation of interim financial statements.
- IAS 23, Borrowing Costs: The amended standard requires that also the borrowing costs that are directly attributable to the acquisition of the qualifying asset form part of the cost of that asset. In previous years, Cargotec has expensed such borrowing costs as incurred. The amendment has no material impact on the result for the interim reporting period.

Calculation of key figures

$$\text{Equity / share} = \frac{\text{Total equity attributable to the shareholders of the parent company}}{\text{Share issue adjusted number of shares at the end of period (excluding treasury shares)}}$$

$$\text{Interest-bearing net debt} = \text{Interest-bearing debt* - interest-bearing assets}$$

$$\text{Total equity / total assets (\%)} = 100 \times \frac{\text{Total equity}}{\text{Total assets - advances received}}$$

$$\text{Gearing (\%)} = 100 \times \frac{\text{Interest-bearing debt* - interest-bearing assets}}{\text{Total equity}}$$

$$\text{Return on equity (\%)} = 100 \times \frac{\text{Net income for period}}{\text{Total equity (average for period)}}$$

$$\text{Return on capital employed (\%)} = 100 \times \frac{\text{Income before taxes + interest and other financing expenses}}{\text{Total assets - non-interest-bearing debt (average for period)}}$$

$$\text{Basic earnings / share} = \frac{\text{Net income for the period attributable to the shareholders of the parent company}}{\text{Share issue adjusted weighted average number of shares during the period (excluding treasury shares)}}$$

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

Quarterly Figures

Cargotec		Q2/2009		Q1/2009		Q4/2008		Q3/2008	Q2/2008
Orders received	MEUR	471		456		633		967	1,013
Order book	MEUR	2,555		2,772		3,054		3,486	3,360
Sales	MEUR	678		675		924		848	901
Operating profit	MEUR	3.0	*	15.0	*	35.9	*	49.6	63.1
Operating profit	%	0.4	*	2.2	*	3.9	*	5.8	7.0
Basic earnings/share	EUR	-0.12		0.01		0.14		0.66	0.61

Hiab		Q2/2009		Q1/2009		Q4/2008		Q3/2008	Q2/2008
Orders received	MEUR	130		138		157		194	238
Order book	MEUR	138		148		164		229	238
Sales	MEUR	139		153		216		209	253
Operating profit	MEUR	-11.9	*	-8.1	*	3.7	*	9.5	18.5
Operating profit	%	-8.5	*	-5.3	*	1.7	*	4.5	7.3

Kalmar		Q2/2009		Q1/2009		Q4/2008		Q3/2008	Q2/2008
Orders received	MEUR	187		224		348		365	363
Order book	MEUR	514		611		704		778	790
Sales	MEUR	282		306		413		386	396
Operating profit	MEUR	5.6	*	13.6	*	12.1	*	25.8	32.3
Operating profit	%	2.0	*	4.5	*	2.9	*	6.7	8.2

MacGregor		Q2/2009	Q1/2009	Q4/2008	Q3/2008	Q2/2008
Orders received	MEUR	155	96	129	411	415
Order book	MEUR	1,903	2,013	2,187	2,480	2,334
Sales	MEUR	257	218	298	256	254
Operating profit	MEUR	23,3	18.4	30.7	19.1	21.9
Operating profit	%	9.1	8.5	10.3	7.5	8.6

* Excluding restructuring costs