Cargotec's January–September 2011 interim report: Third quarter orders grew 19 percent and profitability improved

July–September in brief

- Orders received grew 19 percent and totalled EUR 811 (683) million.
- Order book amounted to EUR 2,349 (31 Dec 2010: 2,356) million at the end of the period.
- Sales grew 19 percent and totalled EUR 753 (635) million.
- Operating profit was EUR 54.4 (42.2) million, representing 7.2 (6.6) percent of sales.
- Cash flow from operating activities before financial items and taxes totalled EUR 6.4 (66.4) million.
- Net income for the period amounted to EUR 35.7 (23.2) million.
- Earnings per share was EUR 0.58 (0.38).

January–September in brief

- Orders received grew 19 percent and totalled EUR 2,391 (2,013) million.
- Sales grew 26 percent to EUR 2,310 (1,828) million.
- Operating profit was EUR 159.1 (92.9) million, representing 6.9 (5.1) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 78.0 (193.4) million.
- Net income for the period amounted to EUR 114.5 (54.2) million
- Earnings per share was EUR 1.86 (0.82)

Outlook

Cargotec reiterates its 2011 guidance:

Cargotec's 2011 sales are estimated to grow approximately 20 percent based on healthy January–September order intake. Cargotec's 2011 operating profit margin is estimated to be approximately 7 percent.

Cargotec key figures

MEUR	**Q3/11**	Q3/10	Change	**Q1-Q3/11**	Q1-Q3/10	Change	2010
Orders received	**811**	683	19%	**2,391**	2,013	19%	2,729
Order book, end of period	**2,349**	2,395	-2%	**2,349**	2,395	-2%	2,356
Sales	**753**	635	19%	**2,310**	1,828	26%	2,575
Operating profit	**54.4**	42.2	29%	**159.1**	92.9	71%	131.4
Operating profit, %	**7.2**	6.6		**6.9**	5.1		5.1
Income before taxes	**51.3**	35.1		**148.3**	71.2		101.4
Cash flow from operations	**6.4**	66.4		**78.0**	193.4		292.9
Net income for the period	**35.7**	23.2		**114.5**	54.2		78.0
Earnings per share, EUR	**0.58**	0.38		**1.86**	0.82		1.21
Net debt, end of period	**362**	264		**362**	264		171
Gearing, %	**32.7**	26.1		**32.7**	26.1		16.0
Personnel, end of period	**10,970**	9,824		**10,970**	9,824		9,954

Cargotec's President and CEO Mikael Mäkinen:
"Orders continued to grow in the third quarter, despite the prevailing economic uncertainty. These included a five-year frame agreement for equipment deliveries to the US Department of Defense and an agreement for the automation of a US port. We also continued to receive significant marine crane orders from China. In addition, we are proud that, at the beginning of October, DP World chose Cargotec as its partner for the London Gateway port automation project. Sales growth for January–September supports our guidance for the full year. In Industrial & Terminal we will continue our determined work to improve profitability by dividing the business in two."

Press conference for analysts and media

A press conference for analysts and media, combined with a live international telephone conference, will be arranged on the publishing day at 9:30 am 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 at www.cargotec.com by 9:30 am EEST.

The telephone conference, during which questions may be presented, can be accessed using 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/891233.

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

A replay of the conference call will be available until midnight 29 October 2011 in the following numbers: US callers +1 954 334 0342, non-US callers +44 20 7031 4064, access code 891233.

For further information, please contact:
Eeva Sipilä, CFO, tel. +358 20 777 4104
Paula Liimatta, IR Manager, tel. +358 20 777 4084

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 11,000 people. Cargotec's class B shares are quoted on NASDAQ OMX Helsinki under symbol CGCBV. www.cargotec.com

Cargotec's January–September 2011 review

Operating environment
The markets for load handling solutions grew during the period. Our main markets were marked by strong activity, aside from US-based customer segments related to construction. Demand especially for loader cranes, truck-mounted forklifts and tail lifts grew rapidly. Orders received in September were at a healthy level, but the markets showed emerging signs of uncertainty in the business environment.

Brisker demand for container handling equipment in harbours reflected the higher number of containers handled in ports during the period. Activation of major projects was particularly evident, initially in demand for rubber-tyred gantry cranes early in the year, and continued with several agreements in the third quarter for larger port automation projects.

Demand for marine cargo handling equipment continued to be healthy. Demand was driven by the large number of bulk vessels ordered last year. While fewer new ships have been ordered during the ongoing year than in 2010, larger ship sizes and different types of vessels have a positive impact on the need for marine cargo handling equipment.

In line with the rise in customers' capacity utilisation rates, services markets grew for load handling and terminals. Demand perked up for various refurbishment and modernisation projects, as well as for spare part sales. There was a slight recovery in services for marine cargo equipment.

Orders received and order book
Orders received during the third quarter grew 19 percent and totalled EUR 811 (683) million. 70 percent of these orders were received by Industrial & Terminal and 30 percent by Marine. The first port automation order for the year was booked in the third quarter.

Orders received in January–September grew 19 percent and amounted to EUR 2,391 (2,013) million. In geographical terms, most orders were received in EMEA (Europe, Middle East, Africa). EMEA accounted for 42 (40) percent of all orders, Asia-Pacific for 36 (40) percent, while that of Americas was 22 (20) percent. With a 24 (25) percent share of orders received, service business orders grew in all market areas.

At the end of September, the order book totalled EUR 2,349 (31 Dec 2010: 2,356) million. Industrial & Terminal's order book totalled EUR 943 million, representing 40 percent and that of Marine EUR 1,407 million, or 60 percent of the consolidated order book.

Orders received by reporting segment

MEUR	**Q3/11**	Q3/10	Change	**Q1-Q3/11**	Q1-Q3/10	Change	2010
Industrial & Terminal	566	389	45%	1,613	1,228	31%	1,690
Marine	246	294	-16%	780	786	-1%	1,040
Internal orders	-1	0		-3	-1		-1
Total	**811**	683	19%	**2,391**	2,013	19%	2,729

Sales
Third-quarter sales grew 19 percent from the comparison period, totalling EUR 753 (635) million. Sales in services grew 7 percent to EUR 184 (171) million, representing 24 (27) percent of total sales.

January–September sales grew 26 percent, totalling EUR 2,310 (1,828) million. Services sales grew 10 percent and amounted to EUR 543 (495) million, representing 23 (27) percent of total sales. Greater delivery volumes, due to improved demand in both Industrial & Terminal and Marine segments, boosted growth in sales compared to last year. Due to improved capacity utilisation rates among customers, the service business saw growth in all market areas. EMEA (Europe, Middle East, Africa) represented 41 (41) percent of consolidated sales, Asia-Pacific 40 (41) and Americas 20 (18) percent.

Sales by reporting segment

MEUR	**Q3/11**	Q3/10	Change	**Q1-Q3/11**	Q1-Q3/10	Change	2010
Industrial & Terminal	**456**	379	20%	**1,383**	1,055	31%	1,526
Marine	**297**	256	16%	**930**	774	20%	1,050
Internal sales	**0**	0		**-2**	0		-1
Total	**753**	635	19%	**2,310**	1,828	26%	2,575

Sales by geographical area

MEUR	**Q3/11**	Q3/10	Change	**Q1-Q3/11**	Q1-Q3/10	Change	2010
EMEA	**283**	258	9%	**937**	756	24%	1,087
Asia-Pacific	**303**	259	17%	**914**	742	23%	1,022
Americas	**167**	117	43%	**459**	330	39%	466
Total	**753**	635	19%	**2,310**	1,828	26%	2,575

Financial result
Operating profit for the third quarter improved from the comparison period totalling EUR 54.4 (42.2) million, representing 7.2 (6.6) percent of sales. Comparative figures for 2010 include EUR 0.6 million in restructuring costs. Operating profit for both reporting segments was at the level of the previous quarter.

January–September operating profit grew clearly compared to the comparison period and totalled EUR 159.1 (92.9) million, representing 6.9 (5.1) percent of sales. The improved result is due to the revived market environment and savings measures implemented.

Net financing expenses for the third quarter totalled EUR -3.1 (-7.1) million and net interest expenses EUR -4.6 (-6.9) million. January–September net financing expenses amounted to EUR -10.8 (-21.6) million and net interest expenses EUR -13.0 (-17.6) million.

Net income for the third quarter was EUR 35.7 (23.2) million and earnings per share EUR 0.58 (0.38). January–September net income totalled EUR 114.5 (54.2) million and earnings per share EUR 1.86 (0.82).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 2,978 (31 Dec 2010: 2,916) million at the end of September. Equity attributable to equity holders was EUR 1,102 (1,065) million, representing EUR 17.96 (17.37) per share. Tangible assets on the balance sheet were EUR 285 (292) million and intangible assets EUR 947 (839) million. The total equity/total assets ratio increased to 42.4 (42.7) percent. The rise in intangible assets is due to the Navis acquisition.

Return on equity (ROE) for January–September was 14.0 (7.6) percent and return on capital employed (ROCE) 13.9 (8.5) percent.

Cash flow from operating activities, before financial items and taxes, in January–September, totalled EUR 78.0 (193.4) million. During the period, the dividend payment totalled EUR 37.4 (27.9) million. Net working capital increased from EUR 43 million at the end of 2010 to EUR 173 million. Due to the nature of its business, growth in Industrial & Terminal ties more working capital than in Marine. Gearing rose from its year-end 16.0 percent level to 32.7 percent. Payment of Navis acquisition and dividend payment in March increased the gearing.

Cargotec's financing structure and liquidity are healthy. In September, Cargotec further strengthened its liquidity by signing two long-term credit facilities totalling EUR 120 million. Of this, EUR 50 million was drawn in September and EUR 70 million in October. These credit facilities will mature in 2018–2021. In January, Cargotec signed a EUR 300 million five-year revolving credit facility, which was undrawn at the end of the reporting period. This replaced an undrawn EUR 300 million facility that would have matured in May 2012.

In February, Cargotec continued repurchases, started in September 2010, of its EUR 100 million domestic bond with a EUR 10 million buyback. After this repurchase, EUR 12.2 million of the bond remains on the market.

Interest-bearing net debt at the end of September was EUR 362 (31 Dec 2010: 171) million. Interest-bearing debt amounted to EUR 531 (502) million, of which EUR 118 (97) million was current and EUR 413 (405) million non-current debt. On 30 September 2011, the average interest rate on the loan portfolio was 3.6 (3.5) percent. Cash and cash equivalents, loans receivable and other interest-bearing assets totalled EUR 169 (31 Dec 2010: 330) million.

New products and product development

Research and product development expenditure in January–September totalled EUR 42.5 (27.8) million, representing 1.8 (1.5) percent of sales and 1.9 (1.6) percent of all operating expenses excluding restructuring costs.

Product development within Industrial & Terminal saw continued investment in the further development of energy efficient solutions and solutions for emerging markets. Cargotec launched a new stiff boom hoisting crane for emerging markets. This new speedy crane has compact dimensions. Terminal tractors' options for energy efficiency were improved. Starting next year, off road terminal tractors sold outside North America will include, as standard, a fuel saving option that can save as much as 15 percent in fuel consumption and reduce 9,000 kg of CO^2 emissions per year. Terminal tractors delivered from 2009 onwards can also be retrofitted with this option. In addition, within port automation there have been improvements in areas such as software architecture. This will enable faster, more flexible implementation of applications for customers and also improved after sales support.

Marine's product development focus lay in developing new product models, improving the performance of equipment already in the product range and lowering product costs. In addition, development work continued on electrical cranes and hatch covers as well as self-loading systems. Cargotec has participated in a concept study initiated by DNV (Det Norske Veritas) which aims to introduce innovative solutions that increase efficiency and reduce environmental impact of bulk ship operations. New solutions meeting these requirements were introduced to the markets. During the reporting period, the first car carriers with fully electronic MacGregor RoRo equipment were delivered from Japan.

Capital expenditure

Capital expenditure for January–September, excluding acquisitions and customer financing, totalled EUR 24.5 (35.2) million. The investment in the Polish factory markedly raised the 2010 comparison figure. Investments in customer financing were EUR 22.5 (10.5) million. Depreciation for January–September amounted to EUR 47.5 (43.9) million.

Cargotec is investing approximately EUR 35 million in building an innovative Technology and Competence Centre in Tampere, Finland, during the years 2011–2013. The centre forms part of Cargotec's global network of competence centres and will develop terminals' solutions for the benefit of customers. The site will host Cargotec's most extensive test area. The new centre is planned to be operational in December 2012.

Acquisitions

At the end of January, Cargotec announced the acquisition of US-based terminal operating systems provider Navis. The transaction value was approximately USD 190 million (approximately EUR 140 million). The company has more than 300 employees, the majority of whom are located in the United States and India. The acquisition was completed in March after regulatory approvals were received. Cargotec consolidated Navis' results for the first time in Industrial &Terminal reporting segment's second quarter figures as of 19 March 2011. When consolidating into Cargotec deferred revenue adjustment decreases post-acquisition sales of Navis for slightly over one year from acquisition date. The amount of deferred revenue to be deducted from sales is estimated at approximately EUR 10 million.

In December 2010, Cargotec became 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.

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.

Personnel

Cargotec employed 10,970 (31 Dec 2010: 9,954) people at the end of September. Industrial & Terminal employed 8,313 (7,310) people, Marine 2,133 (2,191) and corporate-level support functions 524 (453). The average number of employees for January–September was 10,613 (9,588). Acquisitions increased the Industrial & Terminal headcount by close to 500 people.

At the end of September, 17 (20) percent of the employees were located in Sweden, 10 (11) percent in Finland and 30 (31) percent in the rest of Europe. Asia-Pacific personnel represented 28 (25) percent, North and South American 13 (11) percent, and the rest of the world 2 (2) percent of total employees.

Lawsuit in Finland

During the second quarter, Cargotec Finland Oy received an action brought against the co-operation procedure at Salo factory in 2008. Cargotec finds the action unfounded and inappropriate, denies non-compliance and has made no provision relating to the action.

Strategic development

Cargotec's key strategic focus is on achieving stronger customer focus globally. In the future, operational development will be based on customer segmentation. Container terminals, merchant shipping and offshore have been selected as the first customer segments, in which to invest in forthcoming years.

In July, Cargotec announced plans to establish a joint venture with its long-term partner Jiangsu Rainbow Heavy Industries Co., Ltd. (RHI) in China. The joint venture would provide leading heavy crane solutions globally, expand delivery capacity and bring new growth opportunities in the Chinese and global markets. Cargotec's ownership in the joint venture would be 49 percent and the value of Cargotec's equity investment approximately EUR 30 million. In connection with the establishment of the joint venture, Cargotec plans to strengthen its strategic partnership with RHI by becoming an owner in the company. Cargotec plans to acquire a 49% interest in China Crane Investment Holdings Limited for approximately EUR 50 million. China Crane currently owns 18.75% of shares in RHI.

In order to promote customer focus, Cargotec has decided to establish a competence centre for container terminals development in Singapore. The new global competence centre will further strengthen the ability to provide total solutions for customers in the whole Asia-Pacific region.

During the first quarter, Cargotec specified its definition of services, as part of its reorganisation and internal unification of its services business. This slightly reduced the activities previously calculated under Marine segment, while correspondingly lowering the comparative share of Marine services business.

Greater internal clarity is another core strategic area. To this end, efforts focus on the development of common processes and ways of working. Specification work and project planning for the company-wide frontline sales and maintenance network ERP system progressed according to plans during the reporting period.

Reporting segments

Industrial & Terminal

MEUR	**Q3/11**	Q3/10	Change	**Q1-Q3/11**	Q1-Q3/10	Change	2010
Orders received	**566**	389	45%	**1,613**	1,228	31%	1,690
Order book, end of period	**943**	710	33%	**943**	710	33%	680
Sales	**456**	379	20%	**1,383**	1,055	31%	1,526
Sales of services	**139**	129		**412**	368		505
% of sales	**31**	34		**30**	35		33
Operating profit (EBIT)	**20.7**	15.1		**61.5**	13.3		28.8
% of sales	**4.5**	4.0		**4.4**	1.3		1.9
Personnel, end of period	**8,313**	7,210		**8,313**	7,210		7,310

Industrial & Terminal's orders received during the third quarter totalled EUR 566 (389) million, 45 percent higher than in the comparison period. The growth in orders for services was boosted by spare parts. Orders received in January–September grew 31 percent, totalling EUR 1,613 (1,228) million. Orders received increased in all geographic areas, and most in Asia-Pacific. Orders received grew in all product groups. Growth in orders was strongest for rubber-tyred gantry cranes (RTG), reachstackers and terminal tractors. Additionally during the period, Industrial & Terminal secured a high number of individual orders, which are typical of the Industrial business in particular. Order book grew 39 percent from the year-end, totalling EUR 943 (31 Dec 2010: 680) million at the end of September.

In September, Cargotec signed an agreement for port automation in the US. The contract includes the delivery of ten automatic stacking cranes and 17 automatic shuttle carriers. Cargotec also received its first ever order for ship-to-shore cranes for West African ports. Four cranes will be delivered during the third quarter of 2012 and the contract includes an option for the delivery of four more cranes. In addition, Cargotec entered into a five-year frame agreement with the U.S. Department of Defense to supply approximately 1,890 light capability rough terrain forklifts. The total value of the agreement is estimated at around USD 160 million (EUR 113 million). Cargotec will book the order during the five-year time frame, as delivery orders are received. During the third quarter, also an order for over 50 port equipment was received from Venezuela.

In March, Cargotec signed a long-term frame agreement with Siemens Wind Power A/S, for custom-made Hiab cranes that will be used for the service and maintenance of wind turbines.

Industrial & Terminal's sales for the third quarter grew by 20 percent from the comparison period, totalling EUR 456 (379) million. Sales for services amounted to EUR 139 (129) million, representing 31 (34) percent of sales. In January–September, sales grew 31 percent and amounted to EUR 1,383 (1,055) million. Sales for services grew 12 percent to EUR 412 (368) million, representing 30 (35) percent of sales. Thanks to the order book and the recovery of the market environment, clear growth was seen in delivery volumes during the reporting period.

Industrial & Terminal’s third quarter operating profit improved from the comparison period totalling EUR 20.7 (15.1) million, representing 4.5 (4.0) percent of its sales, as a result of higher volumes and improved efficiency. Operating profit margin improvement in 2011 has been hampered by increased input costs while the competitive situation has been tight. January–September operating profit clearly improved and amounted to EUR 61.5 (13.3) million, representing 4.4 (1.3) percent of sales. Comparative figure includes EUR 2.9 million in restructuring costs.

Marine

MEUR	**Q3/11**	Q3/10	Change	**Q1-Q3/11**	Q1-Q3/10	Change	2010
Orders received	**246**	294	-16%	**780**	786	-1%	1,040
Order book, end of period	**1,407**	1,686	-17%	**1,407**	1,686	-17%	1,675
Sales	**297**	256	16%	**930**	774	20%	1,050
Sales of services	**44**	42		**131**	128		173
% of sales	**15**	16		**14**	16		16
Operating profit (EBIT)	**44.0**	36.6		**133.2**	114.3		147.4
% of sales	**14.8**	14.3		**14.3**	14.8		14.0
Personnel, end of period	**2,133**	2,173		**2,133**	2,173		2,191

Marine’s orders for the third quarter, accounting for EUR 246 (294) million, were at the level of previous quarter. Order received fell 16 percent from the comparison period. Orders received in January–September declined one percent and totalled EUR 780 (786) million. New orders were mainly received for equipment for bulk and general cargo vessels as well as container ships. Offshore support vessels-related orders showed some signs of recovery. 73 percent of orders were received in Asia-Pacific, reflecting the concentration of shipbuilding mainly in China, South Korea and Japan. Major orders included orders from South Korean shipyards for hatch covers and container lashings worth EUR 25 million, orders for cargo cranes worth EUR 20 million as well as an order for RoRo equipment worth more than EUR 20 million. Also included were orders from Chinese shipyards for cargo cranes worth EUR 25 million and orders for more than 50 electric cargo cranes.

Due to high deliveries, Marine’s order book declined by 16 percent from the year-end, totalling EUR 1,407 (31 Dec 2010: 1,675) million at the end of September. More than 75 percent of the order book is bulk, general cargo and container ship-related. Offshore support vessels-related orders comprise around 10 percent of the order book.

Marine’s third quarter sales grew 16 percent from the comparison period, totalling EUR 297 (256) million. Share of services sales was 15 (16) percent or EUR 44 (42) million. January–September sales grew to EUR 930 (774) million, of which EUR 131 (128) million was services sales, representing 14 (16) percent of sales. A strong order book and successful project deliveries expedited growth in sales.

Marine’s third quarter profitability was again very strong. Operating profit for the quarter totalled EUR 44.0 (36.6) million, representing 14.8 (14.3) percent of sales. Operating profit for January–September amounted to EUR 133.2 (114.3) million or 14.3 (14.8) percent of sales. This profitability is reflecting successful deliveries based on a strong order book.

During the second quarter, Mitsubishi Heavy Industries Shimonoseki shipyard gave Marine Offshore business and the Japanese team the Best Supplier 2010 award. The shipyard chooses the best supplier every year. The reward has traditionally been given to a Japanese supplier, and therefore, this can be considered an important recognition.

Decisions taken at Cargotec Corporation's Annual General Meeting
Cargotec Corporation's Annual General Meeting (AGM) on 8 March 2011 approved the 2010 financial statements and consolidated financial statements and discharged the President and CEO and members of the Board of Directors from liability for the accounting period 1 January–31 December 2010. The AGM approved the proposals by the Board to authorise the Board to decided on the repurchase of own shares and the issuance of treasury shares. The Board has also the right to decide on the transfer of the shares in public trading on NASDAQ OMX Helsinki Ltd. Both authorisations shall remain in effect for a period of 18 months from the AGM's resolution. More detailed information on the authorisations was published in a stock exchange release on the date of the AGM, 8 March 2011.

The AGM approved the payment of a dividend of EUR 0.60 per class A share and EUR 0.61 per class B share outstanding. The dividend was paid on 18 March 2011.

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

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

The AGM decided to amend Cargotec's Articles of Association so that the notice of a shareholders' meeting must be published on the company's website, no earlier than three months prior to the record date of the meeting and no later than three weeks prior to the meeting itself, provided that the date of publication is at least nine days prior to the meeting's record date.

Organisation of the Board of Directors
On 8 March 2011, 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, continues 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 and Risk Management Committee (former 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 and own shares
Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of September. 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. The amount includes 2,959,487 own class B shares held by the company, accounting for 4.60 percent of the share capital. The shares were repurchased in 2005–2008. The number of issued class B shares, excluding treasury shares held by the company, totalled 51,819,304 at the end of September.

On 8 March 2011, the Board of Directors decided to exercise the authorisation conferred by the AGM to acquire own shares. However, no own shares were repurchased in January–September.

Share-based incentive programme

In March 2010, the Board of Directors decided to establish a 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 executives to the company and offering them a competitive incentive programme based on ownership in the company.

The programme includes three earnings periods, each lasting three calendar years, which will commence in 2010, 2011 and 2012. The Board of Directors will decide on the target group, earnings criteria and the targets to be established for them, as well as the maximum amount of reward payable for each earnings period. The earnings criteria for the earnings period 2010–2012 comprise Cargotec's operating profit margin and sales for the fiscal year 2012. For the second earnings period 2011–2013, the earnings criteria are the operating profit margin and sales for the fiscal year 2013. The programme's two earnings periods cover the members of Cargotec's Executive Board.

The potential reward will partly be paid 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. Rewards to be paid on the basis of the earnings periods 2010–2012 and 2011–2013 will correspond to a maximum total of 200,000 Cargotec class B shares (including the proportion to be paid in cash).

In the spring of 2011, the Board of Directors decided to alter the terms of its share-based incentive programme in such a way that persons covered by the bonus system receive full rights to rewarded shares at the time of payment. The terms of the share-based incentive programme forbidding the transfer of shares for two years from each reward payment were removed. In this way, the programme's duration for each share lot was shortened from five to three years.

Option programme

In March 2010, the AGM confirmed that stock options will be issued to key personnel of Cargotec and its subsidiaries. The Board decides on the target group, earnings criteria and option issuance on an annual basis, in the spring of the years 2010 (2010A stock options), 2011 (2010B stock options) and 2012 (2010C stock options). The maximum total number of stock options issued will be 1,200,000. 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 share subscription price for stock option 2010B is EUR 31.23/share (the trade volume weighted average quotation of the class B share on NASDAQ OMX Helsinki Ltd. during 14 March–25 March 2011). The dividends will be deducted from the share subscription price each year.

In the spring of 2011, the Board issued stock options to nearly 80 persons, including the members of Cargotec's Executive Board. For the share subscription period for 2010B stock options to begin, the performance targets established by the Board must be attained. Stock options for which the targets are not attained will expire. The criteria for stock options 2010B is operating profit for 2011.

Market capitalisation and trading

At the end of September, the total market value of class B shares was EUR 950 (1,643) 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 1,126 (1,946) million, excluding treasury shares held by the company.

The class B share closed at EUR 18.33 (31.70) on 30 September 2011 in NASDAQ OMX Helsinki Ltd. The volume weighted average share price in January–September was EUR 28.91 (23.60), the highest quotation being EUR 39.60 (32.43) and the lowest EUR 16.35 (19.16). In January–September, a total of more than 39 (37) million class B shares were traded on NASDAQ OMX Helsinki Ltd., corresponding to a turnover of EUR 1,138 (867) million. In addition to NASDAQ OMX Helsinki Ltd., a total of 33 (28) million class B shares were traded on several alternative market places, corresponding to a turnover of EUR 913 (650) million. Shares were mainly traded in Chi-X and BATS Europe.

Events after the period

In October, Cargotec announced plans to accelerate the implementation of its strategic initiatives by changing its operational model and Executive Board's responsibilities. Business area Industrial &Terminal will be divided into two new business areas: Terminals and Load Handling. Cargotec's Supply organisation, which develops factory operations and related sourcing activities, will be divided into the new business areas. Business area Terminals will be led by Unto Ahtola as Executive Vice President, Terminals. Unto Ahtola is currently responsible for business area Industrial & Terminal. Axel Leijonhufvud has been appointed to lead the new business area Load Handling as Executive Vice President, Load Handling. He is currently responsible for Supply. Except for the changes in responsibilities, the Executive Board will remain unchanged. Business areas Marine and Services continue unchanged. Cargotec's external financial reporting segments will be Marine, Terminals and Load Handling. These changes will be effective from 1 January 2012. Comparative figures will be provided before Q1/2012 reporting.

In order to streamline the organisation, Cargotec is planning to adjust both operations and workforce in centralised Support functions and central Supply. In addition, Cargotec Shared Service Centre, located in Turku, Finland and Ljungby, Sweden, is planned to be outsourced to an external partner. It is estimated that these planned changes would have an impact on approximately 115 employees. Therefore, Cargotec starts co-operation negotiations on 27 October in Sweden and Finland.

In October, Cargotec was chosen as the preferred partner to supply 40 automatic stacking cranes with the related technology, and 28 shuttle carriers, to DP World's deepsea container port London Gateway. This order is significant to Cargotec's port business and will strengthen the company's position as a leader in the field of port automation.

Short-term risks and uncertainties

Developments in the global economy and cargo flows have a direct effect on Cargotec's business environment and customers' willingness to invest. During the last few months, risks associated with the economic development have clearly grown. Risks stemming from volatility on the currency markets and from the banking sector have added to the uncertainty afflicting Europe.

Continued uncertainty and the emergence of a crisis could quickly weaken Cargotec's market situation and near-term prospects. Credit loss levels may rise alongside deterioration in the market situation. In addition, liquidity among customers could diminish as banks tighten up the availability of credit. Cargotec currently evaluates Europe as the geographical region posing the greatest risk, while demand in the US, despite the recovery, mainly comprises replacement investment.

During previous economic downturns, softening of the market has first become evident in demand for load handling equipment. These products have an order lead time of three to four months, whereas this is clearly longer for other Cargotec products.

Lately, Cargotec has won orders for major port automation projects. In order to manage the associated business risks, these require close management of both the project itself and, in particular, the supply chain.

Cargotec estimates that around EUR 100 million of Marine’s orders could be subject to a risk of postponement or cancellation.

Outlook

Cargotec’s 2011 sales are estimated to grow approximately 20 percent based on healthy January–September order intake. Cargotec’s 2011 operating profit margin is estimated to be approximately 7 percent.

Financial calendar 2012

Financial statements review 2011, Tuesday, 7 February 2012
Annual General Meeting, Monday, 19 March 2012
January–March interim report, Thursday, 26 April 2012
January–June interim report, Thursday, 19 July 2012
January–September interim report, Thursday, 25 October 2012

Helsinki, 26 October 2011
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Condensed consolidated statement of income

MEUR	7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
Sales	**752.6**	**634.7**	**2,310.3**	**1,828.1**	**2,575.0**
Cost of goods sold	-587.9	-502.3	-1,828.3	-1,453.1	-2,052.2
Gross profit	**164.7**	**132.5**	**482.0**	**375.0**	**522.8**
Gross profit, %	*21.9*	*20.9*	*20.9*	*20.5*	*20.3*
Costs and expenses	-110.4	-89.8	-323.4	-278.0	-381.8
Restructuring costs		-0.6		-4.5	-10.5
Share of associated companies' and joint ventures' net income	0.1	0.1	0.5	0.4	0.8
Operating profit	**54.4**	**42.2**	**159.1**	**92.9**	**131.4**
Operating profit, %	*7.2*	*6.6*	*6.9*	*5.1*	*5.1*
Financing income and expenses	-3.1	-7.1	-10.8	-21.6	-29.9
Income before taxes	**51.3**	**35.1**	**148.3**	**71.2**	**101.4**
Income before taxes, %	*6.8*	*5.5*	*6.4*	*3.9*	*3.9*
Income taxes	-15.6	-11.9	-33.8	-17.1	-23.4
Net income for the period	**35.7**	**23.2**	**114.5**	**54.2**	**78.0**
Net income for the period, %	*4.7*	*3.6*	*5.0*	*3.0*	*3.0*
Net income for the period attributable to:					
Equity holders of the company	35.5	23.0	114.0	50.5	74.2
Non-controlling interest	0.2	0.1	0.5	3.7	3.8
Total	**35.7**	**23.2**	**114.5**	**54.2**	**78.0**
Earnings per share for profit attributable to the equity holders of the company:					
Basic earnings per share, EUR	0.58	0.38	1.86	0.82	1.21
Diluted earnings per share, EUR	0.58	0.38	1.86	0.82	1.21

Consolidated statement of comprehensive income

MEUR	7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
Net income for the period	35.7	23.2	114.5	54.2	78.0
Gain/loss on cash flow hedges	-25.4	74.0	-6.7	83.0	102.5
Gain/loss on cash flow hedges transferred to statement of income	-6.4	-15.9	-21.9	-19.9	-25.6
Translation differences	15.2	0.1	-28.5	94.9	124.3
Taxes relating to components of other comprehensive income	10.2	-25.4	15.7	-45.5	-53.7
Comprehensive income for the period	**29.4**	**56.0**	**73.0**	**166.7**	**225.5**
Comprehensive income for the period attributable to:					
Equity holders of the company	29.3	56.0	72.7	161.7	220.3
Non-controlling interest	0.1	0.0	0.3	5.0	5.2
Total	**29.4**	**56.0**	**73.0**	**166.7**	**225.5**

Condensed consolidated statement of financial position

ASSETS, MEUR	30 Sep 2011	30 Sep 2010	31 Dec 2010
Non-current assets			
Intangible assets	946.9	830.1	838.6
Property, plant and equipment	284.8	288.7	292.4
Investments in associated companies and joint ventures	9.6	8.6	7.7
Loans receivable and other interest-bearing assets *	10.9	10.7	10.8
Non-interest-bearing assets	134.0	122.3	128.7
Total non-current assets	**1,386.1**	**1,260.4**	**1,278.2**
Current assets			
Inventories	791.2	654.1	678.8
Loans receivable and other interest-bearing assets *	6.1	5.4	4.9
Accounts receivable and other non-interest-bearing assets	641.3	610.8	635.9
Cash and cash equivalents *	153.4	223.7	317.7
Total current assets	**1,592.1**	**1,494.0**	**1,637.4**
Assets held for sale	**0.0**	**16.7**	**0.4**
Total assets	**2,978.2**	**2,771.0**	**2,916.0**

EQUITY AND LIABILITIES, MEUR	30 Sep 2011	30 Sep 2010	31 Dec 2010
Equity			
Equity attributable to the equity holders of the company	1,101.6	1,006.5	1,065.4
Non-controlling interest	4.1	3.5	3.7
Total equity	**1,105.7**	**1,010.0**	**1,069.0**
Non-current liabilities			
Loans *	409.7	443.6	403.8
Deferred tax liabilities	41.0	44.6	58.7
Provisions	28.9	27.9	24.9
Pension obligations and other non-interest-bearing liabilities	72.9	75.3	82.8
Total non-current liabilities	**552.6**	**591.4**	**570.1**
Current liabilities			
Loans *	117.7	52.2	96.5
Provisions	54.5	51.3	65.0
Advances received	370.5	411.7	411.3
Accounts payable and other non-interest-bearing liabilities	777.2	654.5	703.9
Total current liabilities	**1,319.8**	**1,169.7**	**1,276.8**
Total equity and liabilities	**2,978.2**	**2,771.0**	**2,916.0**

* 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 30 Sep 2011, EUR 3.6 (30 Sep 2010: 5.9 and 31 Dec 2010: 1.2) million.

Consolidated statement of changes in equity

MEUR	Attributable to the equity holders of the company: Share capital	Share premium account	Translation differences	Fair value reserves	Retained earnings	Total	Non-controlling interest	Total equity
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					50.5	50.5	3.7	54.2
Other comprehensive income for the period *								
Cash flow hedges				46.9		46.9	-0.4	46.5
Translation differences			64.3			64.3	1.8	66.0
Dividends paid					-24.4	-24.4	-2.0	-26.4
Share-based incentives, value of received services *					0.6	0.6		0.6
Other changes					-2.2	-2.2	-10.2	-12.3
Equity on 30 Sep 2010	**64.3**	**98.0**	**63.2**	**22.0**	**759.1**	**1,006.5**	**3.5**	**1,010.0**
Equity on 1 Jan 2011	64.3	98.0	86.8	33.3	783.0	1,065.4	3.7	1,069.0
Net income for the period					114.0	114.0	0.5	114.5
Other comprehensive income for the period *								
Cash flow hedges				-21.8		-21.8		-21.8
Translation differences			-19.5			-19.5	-0.2	-19.7
Dividends paid					-37.3	-37.3	-0.1	-37.4
Share-based incentives, value of received services *					1.1	1.1		1.1
Other changes					-0.3	-0.3	0.3	0.0
Equity on 30 Sep 2011	**64.3**	**98.0**	**67.3**	**11.5**	**860.5**	**1,101.6**	**4.1**	**1,105.7**

* Net of tax

Key figures

		1-9/2011	1-9/2010	1-12/2010
Equity/share	EUR	17.96	16.41	17.37
Interest-bearing net debt	MEUR	361.9	264.0	171.2
Total equity/total assets	%	42.4	42.8	42.7
Gearing	%	32.7	26.1	16.0
Return on equity	%	14.0	7.6	8.0
Return on capital employed	%	13.9	8.5	8.6

Condensed consolidated statement of cash flows

MEUR	1-9/2011	1-9/2010	1-12/2010
Net income for the period	114.5	54.2	78.0
Depreciation and impairments	47.5	43.9	60.5
Other adjustments	42.5	38.3	46.4
Change in working capital	-126.4	57.0	108.1
Cash flow from operations	**78.0**	**193.4**	**292.9**
Cash flow from financial items and taxes *	-57.8	-38.0	-33.6
Cash flow from operating activities	**20.2**	**155.4**	**259.3**
Acquisitions, net of cash	-131.1	-23.7	-40.1
Cash flow from investing activities, other items	-40.7	-38.2	-28.3
Cash flow from investing activities	**-171.8**	**-61.9**	**-68.3**
Proceeds from share subscriptions	-	-	-
Acquisition of treasury shares	-	-	-
Proceeds from long term borrowings	50.0	-	-
Repayments of long term borrowings	-21.2	-103.1	-106.3
Proceeds from short term borrowings	6.7	2.3	1.9
Repayments of short term borrowings	-7.8	-8.7	-13.0
Dividends paid	-37.4	-27.9	-27.9
Cash flow from financing activities	**-9.7**	**-137.3**	**-145.2**
Change in cash	**-161.3**	**-43.8**	**45.8**
Cash, cash equivalents and bank overdrafts at the beginning of period	303.5	252.5	252.5
Effect of exchange rate changes	-2.4	3.8	5.4
Cash, cash equivalents and bank overdrafts at the end of period	**139.9**	**212.5**	**303.6**
Bank overdrafts at the end of period	13.6	11.2	14.1
Cash and cash equivalents at the end of period	**153.4**	**223.7**	**317.7**

* Cash flow from financial items and taxes include 1-12/2010 EUR 0.2 and 1-9/2010 EUR 0.2 million capitalised interests.

Segment reporting

Sales, MEUR	1-9/2011	1-9/2010	1-12/2010
Industrial & Terminal	1,383	1,055	1,526
Marine	930	774	1,050
Internal sales	-2	0	-1
Total	**2,310**	**1,828**	**2,575**

Operating profit, MEUR	1-9/2011	1-9/2010	1-12/2010
Industrial & Terminal	61.5	16.2	37.1
Marine	133.2	114.4	147.6
Corporate administration and support functions	-35.7	-33.2	-42.8
Operating profit excluding restructuring costs	**159.1**	**97.4**	**141.9**
Restructuring costs:			
Industrial & Terminal	-	2.9	8.3
Marine	-	0.1	0.1
Corporate administration and support functions	-	1.5	2.1
Total restructuring costs	**-**	**4.5**	**10.5**
Total	**159.1**	**92.9**	**131.4**

Operating profit, %	1-9/2011	1-9/2010		1-12/2010	
Industrial & Terminal	4.4	1.5	*	2.4	*
Marine	14.3	14.8	*	14.1	*
Cargotec, operating profit excluding restructuring costs	6.9	5.3		5.5	
Cargotec	6.9	5.1		5.1	

* Excluding restructuring costs.

Sales by geographical area, MEUR	1-9/2011	1-9/2010	1-12/2010
EMEA	937	756	1,087
Asia-Pacific	914	742	1,022
Americas	459	330	466
Total	**2,310**	**1,828**	**2,575**

Sales by geographical area, %	1-9/2011	1-9/2010	1-12/2010
EMEA	40.6	41.4	42.2
Asia-Pacific	39.6	40.6	39.7
Americas	19.9	18.0	18.1
Total	**100.0**	**100.0**	**100.0**

Orders received, MEUR	**1-9/2011**	**1-9/2010**	**1-12/2010**
Industrial & Terminal	1,613	1,228	1,690
Marine	780	786	1,040
Internal orders received	-3	-1	-1
Total	**2,391**	**2,013**	**2,729**

Order book, MEUR	**30 Sep 2011**	**30 Sep 2010**	**31 Dec 2010**
Industrial & Terminal	943	710	680
Marine	1,407	1,686	1,675
Internal order book	-1	-	0
Total	**2,349**	**2,395**	**2,356**

Capital expenditure, MEUR	**1-9/2011**	**1-9/2010**	**1-12/2010**
In fixed assets (excluding acquisitions)	24.5	35.1	43.5
In leasing agreements	0.1	0.1	0.5
In customer financing	22.5	10.5	16.4
Total	**47.0**	**45.7**	**60.3**

Number of employees at the end of period	**30 Sep 2011**	**30 Sep 2010**	**31 Dec 2010**
Industrial & Terminal	8,313	7,210	7,310
Marine	2,133	2,173	2,191
Corporate administration and support functions	524	441	453
Total	**10,970**	**9,824**	**9 954**

Average number of employees	**1-9/2011**	**1-9/2010**	**1-12/2010**
Industrial & Terminal	7,981	6,975	7,055
Marine	2,156	2,195	2,190
Corporate administration and support functions	476	419	428
Total	**10,613**	**9,588**	**9,673**

Notes

Taxes in statement of income

MEUR	1-9/2011	1-9/2010	1-12/2010
Current year tax expense	44.8	27.1	36.9
Deferred tax expense	-11.4	-10.4	-10.0
Tax expense for previous years	0.4	0.4	-3.4
Total	**33.8**	**17.1**	**23.4**

Commitments

MEUR	30 Sep 2011	30 Sep 2010	31 Dec 2010
Guarantees	0.0	0.5	0.5
Dealer financing	-	-	0.0
End customer financing	10.4	7.2	8.9
Operating leases	68.2	49.6	69.5
Other contingent liabilities	3.3	3.5	3.5
Total	**81.9**	**60.7**	**82.3**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 454.0 (30 Sep 2010: 513.6 and 31 Dec 2010: 474.4) 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.

The future minimum lease payments under non-cancellable operating leases

MEUR	30 Sep 2011	30 Sep 2010	31 Dec 2010
Less than 1 year	18.2	12.0	16.1
1-5 years	33.0	22.4	34.3
Over 5 years	17.0	15.2	19.1
Total	**68.2**	**49.6**	**69.5**

The aggregate operating lease expenses totaled EUR 17.9 (1-9/2010 11.0 and 1-12/2010: 17.7) million.

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Sep 2011	Negative fair value 30 Sep 2011	Net fair value 30 Sep 2011	Net fair value 30 Sep 2010	Net fair value 31 Dec 2010
FX forward contracts	49.0	65.1	-16.2	32.5	37.5
Cross-currency and interest rate swaps	13.8	-	13.8	9.6	13.4
Total	**62.7**	**65.1**	**-2.4**	**42.1**	**50.9**
Non-current portion:					
FX forward contracts	1.7	0.8	0.9	5.1	2.7
Cross-currency and interest rate swaps	13.8	-	13.8	9.6	13.4
Non-current portion	**15.5**	**0.8**	**14.7**	**14.7**	**16.1**
Current portion	**47.3**	**64.4**	**-17.1**	**27.4**	**34.8**

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 Sep 2011	30 Sep 2010	31 Dec 2010
FX forward contracts	3,804.5	2,752.8	3,017.3
Cross-currency and interest rate swaps	225.7	225.7	225.7
Total	**4,030.2**	**2,978.6**	**3,243.1**

Acquisitions

Navis

At the end of January 2011, Cargotec announced the acquisition of US-based terminal operating systems provider Navis by acquiring 100 percent of the shares in Navis Holding LLC from Zebra Technologies Corporation. The acquisition was completed in March after regulatory approvals were received and the acquired business was consolidated in the Industrial & Terminal reporting segment as of 19 March 2011.

he table below presents the purchase price allocation, which is calculated on the basis of Navis' provisional consolidated balance sheet as per 19 March 2011. It is prepared in accordance with IFRS and Cargotec's accounting principles in respect of all material elements. Because the fair value calculation of the acquired assets and liabilities was not completed as of 30 September 2011, accounting of the business combination is preliminary and the fair values of the acquired net assets and the amount of goodwill may be subject to adjustments until the fair valuation work is finalised. In the preliminary purchase price allocation, the allocation to intangible assets includes the fair valuation of technology, trademark and customer relationships. An adjustment to fair value has been made to the deferred revenue recognised on Navis' acquisition date balance sheet when no future obligation to provide additional services exists. As the fair value of the remaining obligation is less than the book value, the re-measurement of deferred revenue will decrease by approximately EUR 10 million the post-acquisition sales and profitability of Navis for slightly over one year when consolidating it to Cargotec. The acquired goodwill is primarily based on personnel and expected synergy benefits. Together Cargotec and Navis are able to offer integrated solutions enabling them a better position in delivering total solutions to customers. The goodwill is tax-deductible for income tax purposes.

Transaction costs of EUR 1.8 million are included in the operating profit of Industrial & Terminal segment and in other operating expenses in the consolidated statement of income.

Acquired net assets and goodwill, provisional values

MEUR	
Intangible assets	73.0
Property, plant and equipment	0.9
Accounts receivable and other non-interest-bearing assets	15.2
Cash and cash equivalents	0.7
Accounts payable and other non-interest-bearing liabilities	-5.8
Net assets	**84.0**
Purchase price, settled in cash	131.2
Purchase price, replacement award	1.2
Goodwill	**48.4**
Purchase price, settled in cash	131.2
Cash and cash equivalents acquired	-0.7
Cash flow impact	**130.5**

Cargotec was obliged to replace the share-based incentives granted by Zebra to Navis employees. The fair value of the replacement award that relates to pre-combination services has been included to the purchase price of Navis. The amount that relates to post-combination services, EUR 0.6 million, will be charged to the income statement over the remaining vesting periods which extend to May 2014. Payments of the replacement award will be made in cash and it requires continued employment at Cargotec until the end of each vesting period.

Sales for the reporting period include Navis with sales of EUR 22 million. Had the business been acquired on 1 January 2011, the increase to Cargotec's sales, including the holding period, would have been roughly EUR 31 million.

Other acquisitions
In December 2010, Cargotec became 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.

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.

The combined purchase price allocation from these acquisitions is presented below. The allocation is calculated on the basis of the provisional balance sheets of acquired businesses as per 1 January 2011 prepared in accordance with IFRS and Cargotec's accounting principles in respect of all material elements. Because the process of fair valuing the acquired assets and liabilities was not completed as at the reporting date, the initial accounting for the business combinations is incomplete as at 30 September, 2011 and the fair values of the acquired net assets and the amount of goodwill may be subject to adjustments until the fair valuation process is finalised.

The pre-existing share ownership in Kalmar (Malaysia) Sdn. Bhd. has been valued at fair value at the date of acquisition. The revaluation result of EUR 1,6 million is included in other operative income in the consolidated statement of income.

Transaction costs related to the acquisitions are included in other operative expenses in the consolidated statement of income.

Acquired net assets and goodwill, provisional values

MEUR	
Intangible assets	2.3
Property, plant and equipment	0.3
Accounts receivable and other non-interest-bearing assets	4.7
Inventories	0.6
Cash and cash equivalents	0.1
Accounts payable and other non-interest-bearing liabilities	-4.6
Loans	-0.2
Deferred tax liabilities	0.0
Net assets	**3.1**
Purchase price	3.1
Goodwill	**0.0**
Purchase price, settled in cash	0.7
Cash and cash equivalents acquired	-0.1
Cash flow impact	**0.6**

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 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 2011

Starting from January 1, 2011 Cargotec has adopted the following amended standards published in 2009 and 2010 by the IASB:

- IAS 24 (revised): Related Party Disclosures. The revised standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.
- IAS 32 (amendment): Financial instruments: Presentation – Classification of Rights Issues. The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.

Additionally, Cargotec has adopted the amendments related to the IFRS 2010 Annual Improvements, which have been endorsed by EU. Aforementioned changes have no material impact on the financial statements.

The definition of services business was clarified as of 1 January 2011. The 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		Q3/2011	Q2/2011	Q1/2011	Q4/2010		Q3/2010	
Orders received	MEUR	811	761	819	716		683	
Order book	MEUR	2,349	2,306	2,373	2,356		2,395	
Sales	MEUR	753	795	763	747		635	
Operating profit	MEUR	54.4	54.0	50.6	44.5	*	42.8	*
Operating profit	%	7.2	6.8	6.6	6.0	*	6.7	*
Basic earnings/share	EUR	0.58	0.69	0.59	0.39		0.38	

Industrial & Terminal		Q3/2011	Q2/2011	Q1/2011	Q4/2010		Q3/2010	
Orders received	MEUR	566	513	535	462		389	
Order book	MEUR	943	819	778	680		710	
Sales	MEUR	456	485	442	471		379	
Operating profit	MEUR	20.7	22.0	18.8	20.9	*	16.0	*
Operating profit	%	4.5	4.5	4.3	4.4	*	4.2	*

Marine		Q3/2011	Q2/2011	Q1/2011	Q4/2010		Q3/2010	
Orders received	MEUR	246	248	286	254		294	
Order book	MEUR	1,407	1,487	1,595	1,675		1,686	
Sales	MEUR	297	310	322	276		256	
Operating profit	MEUR	44.0	45.9	43.3	33.2		36.4	*
Operating profit	%	14.8	14.8	13.4	12.0		14.2	*

* Excluding restructuring costs