Cargotec's January–September 2013 interim report: operating profit margin and cash flow show positive signs

July–September 2013 in brief

- Orders received were at comparison period's level and totalled EUR 724 (719) million.
- Order book amounted to EUR 2,048 (31 Dec 2012: 2,021) million at the end of the period.
- Sales fell 5 percent to EUR 752 (794) million.
- Operating profit excluding restructuring costs was EUR 35.4 (39.0) million, representing 4.7 (4.9) percent of sales.
- Operating profit was EUR 31.2 (38.5) million, representing 4.2 (4.9) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 38.2 (34.2) million.
- Net income for the period amounted to EUR 19.3 (24.9) million.
- Earnings per share was EUR 0.31 (0.41).

January–September 2013 in brief

- Orders received were at comparison period's level and totalled EUR 2,348 (2,348) million.
- Sales fell 7 percent to EUR 2,267 (2,437) million.
- Operating profit excluding restructuring costs was EUR 87.9 (117.6) million, representing 3.9 (4.8) percent of sales.
- Operating profit was EUR 77.3 (117.2) million, representing 3.4 (4.8) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 47.0 (6.4) million.
- Net income for the period amounted to EUR 47.7 (80.3) million.
- Earnings per share was EUR 0.77 (1.30).

Outlook for 2013 (published 15 October 2013)

The sales and operating profit excluding restructuring costs for 2013 are expected to fall short of 2012.

Cargotec's key figures

MEUR	**Q3/13**	Q3/12	Change	**Q1-Q3/13**	Q1-Q3/12	Change	2012
Orders received	**724**	719	1%	**2,348**	2,348	0%	3,058
Order book, end of period	**2,048**	2,312	-11%	**2,048**	2,312	-11%	2,021
Sales	**752**	794	-5%	**2,267**	2,437	-7%	3,327
Operating profit*	**35.4**	39.0	-9%	**87.9**	117.6	-25%	157.5
Operating profit, %*	**4.7**	4.9		**3.9**	4.8		4.7
Operating profit	**31.2**	38.5	-19%	**77.3**	117.2	-34%	131.4
Operating profit, %	**4.2**	4.9		**3.4**	4.8		3.9
Income before taxes	**27.3**	35.0		**67.7**	108.6		122.5
Cash flow from operations	**38.2**	34.2		**47.0**	6.4		97.1
Net income for the period	**19.3**	24.9		**47.7**	80.3		89.5
Earnings per share, EUR	**0.31**	0.41		**0.77**	1.30		1.45
Net debt, end of period	**577**	485		**577**	485		478
Gearing, %	**48.9**	39.2		**48.9**	39.2		39.2
Personnel, end of period	**10,216**	10,550		**10,216**	10,550		10,294

*excluding restructuring costs

Cargotec's President and CEO Mika Vehviläinen:
Market activity continued to be positive during the third quarter and our orders reached the comparison period level, although at MacGregor we did not reach the previous quarter level. Our sales declined five percent, as the delivery volumes remained lower than in the comparison period's level, mostly due to slippages at MacGregor.

The profitability development in Kalmar and Hiab has shown positive signs during the year. Continued project cost overruns in Kalmar and lower profitability than expected earlier this year in MacGregor have disappointed us.

A significant number of measures are being taken to improve Cargotec's profitability. During the last quarter of the year, we will focus on fulfilment of deliveries and releasing working capital.

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 2:30 p.m. EEST at Cargotec's head office, Porkkalankatu 5, Helsinki. The event will be held in English. The report will be presented by President and CEO Mika Vehviläinen and Executive Vice President, CFO Eeva Sipilä. The presentation material will be available at www.cargotec.com by 2:30 p.m. 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/937150.

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 26 October 2013 in the following numbers: US callers +1 954 334 0342, non-US callers +44 20 7031 4064, access code 937150.

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Cargotec improves the efficiency of cargo flows on land and at sea - wherever cargo is on the move. Cargotec's brands MacGregor, Kalmar and Hiab 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 3.3 billion in 2012 and it employs approximately 10,000 people. Cargotec's class B shares are quoted on NASDAQ OMX Helsinki under symbol CGCBV. www.cargotec.com

Cargotec's January–September 2013 interim report

Operating environment
The shipping markets were challenging in general, which was reflected in slippages in certain merchant ship deliveries. Despite this, the merchant ship market continued to recover and the offshore market remained active. Some shipowners and shipyards experienced difficulties in obtaining credit. The tendency among shipowners to save costs continued, which led to low demand for services.

The global growth estimate for volumes of containers handled in ports in 2013 declined to roughly three percent during the third quarter. Demand for smaller container handling equipment and automation solutions used in ports was healthy, while demand for larger container handling equipment picked up slightly but was still modest. Demand for services was generally at a healthy level, although in some European ports customers' low capacity utilisation affected demand.

The load handling equipment market was flat during the reporting period. The market was characterised by variations within European countries, with respect to both new equipment and services. Demand was generally healthy in the United States.

Orders received and order book
Orders received during the third quarter were at the comparison period's level and totalled EUR 724 (719) million. Orders received grew in MacGregor and Hiab and fell in Kalmar from the comparison period. Service orders were at the comparison period's level.

Orders received in January–September were at the comparison period's level and totalled EUR 2,348 (2,348) million. Of the orders, 28 percent were received by MacGregor, 45 percent by Kalmar and 27 percent by Hiab. In geographical terms, the share of orders received declined to 40 (46) percent in EMEA (Europe, Middle East, Africa). Asia-Pacific's share of all orders was 30 (30) percent, and that of Americas 30 (24) percent. A major port automation project increased orders in the Americas. Service orders accounted for 24 (24) percent of total orders.

The order book increased one percent from the 2012 year-end level, and at the end of the third quarter it totalled EUR 2,048 (31 Dec 2012: 2,021) million. MacGregor's order book totalled EUR 811 (848) million, representing 39 (42) percent, Kalmar's EUR 1,040 (983) million, or 51 (49) percent, and that of Hiab EUR 199 (192) million, or 10 (10) percent of the consolidated order book.

Orders received by reporting segment

MEUR	**Q3/13**	Q3/12	Change	**Q1-Q3/13**	Q1-Q3/12	Change	2012
MacGregor	**157**	125	25%	**650**	451	44%	645
Kalmar	**366**	402	-9%	**1,073**	1,252	-14%	1,565
Hiab	**203**	192	6%	**628**	646	-3%	850
Internal orders	**-1**	0		**-2**	-2		-2
Total	**724**	719	1%	**2,348**	2,348	0%	3,058

Orders received by geographical area

MEUR	**Q3/13**	Q3/12	Change	**Q1-Q3/13**	Q1-Q3/12	Change	2012
EMEA	**296**	266	11%	**949**	1,075	-12%	1,403
Asia-Pacific	**193**	279	-31%	**707**	710	0%	945
Americas	**236**	174	35%	**693**	562	23%	710
Total	**724**	719	1%	**2,348**	2,348	0%	3,058

Sales

Third-quarter sales fell five percent from the comparison period to EUR 752 (794) million. Sales in services declined three percent from the comparison period's level to EUR 182 (187) million, representing 24 (24) percent of consolidated sales.

Sales in January–September declined seven percent from the comparison period and totalled to EUR 2,267 (2,437) million. Sales in services amounted to EUR 554 (558) million, representing 24 (23) percent of consolidated sales. During the year, sales in MacGregor have declined, due to low deliveries, as customers have delayed receipt of deliveries. Sales in Kalmar and Hiab were at the comparison period's level. Services saw growth in the Americas, remained at the comparison period's level in EMEA, and declined in the Asia-Pacific. EMEA represented 43 (40) percent of consolidated sales, Asia-Pacific 33 (36) percent and Americas 24 (24) percent.

Sales by reporting segment

MEUR	**Q3/13**	Q3/12	Change	**Q1-Q3/13**	Q1-Q3/12	Change	2012
MacGregor	**200**	229	-12%	**576**	756	-24%	995
Kalmar	**354**	374	-5%	**1,082**	1,078	0%	1,495
Hiab	**198**	191	4%	**611**	605	1%	840
Internal sales	**-1**	0		**-1**	-2		-2
Total	**752**	794	-5%	**2,267**	2,437	-7%	3,327

Sales by geographical area

MEUR	**Q3/13**	Q3/12	Change	**Q1-Q3/13**	Q1-Q3/12	Change	2012
EMEA	**308**	321	-4%	**976**	959	2%	1,341
Asia-Pacific	**257**	282	-9%	**741**	885	-16%	1,178
Americas	**187**	190	-1%	**550**	592	-7%	808
Total	**752**	794	-5%	**2,267**	2,437	-7%	3,327

Financial result

Operating profit for the third quarter declined from the comparison period totalling EUR 31.2 (38.5) million. Operating profit includes EUR 4.2 (0.5) million in restructuring costs. EUR 1.1 million of the restructuring costs are related to MacGregor, EUR 0.7 million to Kalmar, and EUR 2.4 million to Hiab.

Operating profit for the third quarter, excluding restructuring costs, was EUR 35.4 (39.0) million, representing 4.7 (4.9) percent of sales. Excluding restructuring costs, operating profit for MacGregor amounted to EUR 17.7 (21.9) million, Kalmar EUR 15.6 (16.7) million, and Hiab EUR 8.1 (5.8) million.

January–September operating profit declined to EUR 77.3 (117.2) million. Operating profit includes EUR 10.6 (0.5) million in restructuring costs. EUR 1.3 million of the restructuring costs are related to MacGregor, EUR 2.1 million to Kalmar, EUR 7.1 million to Hiab and EUR 0.1 million to corporate administration and support functions. Operating profit also includes a capital loss of EUR 1.5 million, booked in Kalmar's second quarter operating profit, from selling Tampere facilities in Finland.

January–September operating profit excluding restructuring costs declined to EUR 87.9 (117.6) million, representing 3.9 (4.8) percent of sales. Excluding restructuring costs, operating profit for MacGregor amounted to EUR 48.2 (91.8) million, Kalmar EUR 38.5 (38.4) million, and Hiab EUR 20.5 (18.6) million. MacGregor's operating profit declined as a result of low sales.

Net interest expenses for interest-bearing debt and assets for the third quarter totalled EUR -5.3 (-5.5) million. Net financing expenses totalled EUR -4.0 (-3.5) million. Net interest expenses for interest-bearing debt and assets in January–September totalled EUR -14.5 (-14.7) and net financing expenses EUR -9.6 (-8.6) million.

Net income for the third quarter totalled EUR 19.3 (24.9) million and earnings per share EUR 0.31 (0.41). Net income in January–September declined to EUR 47.7 (80.3) million and earnings per share to EUR 0.77 (1.30).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 3,260 (31 Dec 2012: 3,298) million at the end of the third quarter. Equity attributable to equity holders was EUR 1,175 (1,214) million, representing EUR 19.15 (19.80) per share. Property, plant and equipment on the balance sheet was EUR 278 (304) million and intangible assets were EUR 1,002 (1,021) million. The total equity/total assets ratio was 38.4 (40.8) percent.

Return on equity (ROE, annualised) in January–September dropped to 5.3 (8.9) percent and return on capital employed (ROCE, annualised) to 5.7 (9.6) percent.

Cash flow in January–September from operating activities, before financial items and taxes, totalled EUR 47.0 (6.4) million. Net working capital increased during the period from EUR 219 million at the end of 2012 to EUR 289 million.

Gearing rose from its 2012 year-end 39.2 percent level to 48.9 percent. Dividend payment in January–September totalled EUR 44.1 (61.4) million.

Cargotec's financing structure and liquidity are healthy. Interest-bearing net debt at the end of the third quarter was EUR 577 (31 Dec 2012: 478) million. Interest-bearing debt amounted to EUR 848 (697) million, of which EUR 297 (259) million was current and EUR 551 (438) million non-current debt. On 30 September 2013, the average interest rate on the loan portfolio was 2.6 (3.1) percent. Cash and cash equivalents, loans receivable and other interest-bearing assets totalled EUR 271 (31 Dec 2012: 219) million.

During the second quarter, Cargotec signed and withdrew a EUR 50 million three-year floating rate term loan. In addition, three-year floating rate term loans, with a total worth of EUR 150 million, were signed and withdrawn during the third quarter.

New products and product development

Research and product development expenditure in January–September totalled EUR 45.6 (55.8) million, representing 2.0 (2.3) percent of sales and 2.1 (2.4) percent of all operating expenses. Research and product development investments were focused on projects aimed at improving competitiveness and cost efficiency of products.

MacGregor

During the third quarter, MacGregor introduced two new devices that optimise cargo carrying capability and loading flexibility. One of them is the stack splitter, which is used for supporting containers in a cargo hold; when not in use it stows away in minimal space. The other, a retractable console, ensures that tweendecks can be installed more efficiently, thereby also improving a hold's flexibility.

During the second quarter, MacGregor developed new crane technology that will provide a unique cruise experience. MacGregor is supplying Royal Caribbean with a crane equipped with a glass capsule. This engineering innovation will offer cruise passengers a 360-degree view from about 91 metres above the ocean. In addition, MacGregor's new process to analyse a container ship's cargo profile is undergoing trials. It will enable a vessel's earning ability to be the design starting point, instead of working on theoretical cargo stowage assumptions.

During the first quarter, MacGregor introduced a new offshore crane to the market, which enables three-dimensional motion compensation. The crane can be used to transfer containers of tools and equipment to the top of offshore windmill foundations. MacGregor also introduced a new simulation platform that allows MacGregor engineers and equipment users to accurately plan and illustrate complex systems in operation in a "real-world" environment and real-time mode. Additionally, MacGregor finalised its development work related to a new lashing bar. This new lashing bar allows new and existing container ships to employ an external lashing system, which can enable a ship to carry more payload containers.

Kalmar

During the third quarter, Kalmar presented its latest forklift trucks to the North American customers. These mid-capacity forklifts had already been introduced in Europe.

During the second quarter, Kalmar introduced a new generation of reachstackers. Key areas in their development were productivity, safety and ergonomics. Kalmar also launched a new service contract concept, Kalmar Care. Kalmar Care includes four different contract types that are standardised globally and across all customer segments. The contracts are modular and fully scalable, covering everything from day-to-day support to comprehensive servicing and maintenance requirements.

During the first quarter, as part of a consortium, Kalmar received a commendation award of USD 100,000 in the Next Generation Container Port (NGCP) Challenge.

Hiab

During the third quarter, Hiab introduced four new loader crane models in its biggest launch in years. The key features of the new models have been developed following extensive research among customers and field experts.

During the second quarter, Hiab introduced a new forestry crane and a new control system for demountables. The new forestry crane was designed to include customers' favourite features from two forestry crane ranges. The new control system for demountables gives users maximum uptime in addition to unparalleled durability, comfort and safety.

During the first quarter, Hiab received a EUR 1.4 million funding from the European Union for a three-year research cooperation project with three academic partners in Poland and Sweden. This project will boost research and development aimed at creating more sustainable load handling equipment. The project is developing a new control systems approach in order to improve operational safety conditions and the efficiency of load handling equipment. The project will also involve the creation of design strategies for advanced light materials used in load handling structures, to reduce both weight and fuel consumption.

Capital expenditure and sales of fixed assets

Capital expenditure in January–September, excluding acquisitions and customer financing, totalled EUR 51.0 (55.2) million. Investments in customer financing were EUR 20.6 (23.5) million. Depreciation, amortisation and impairment amounted to EUR 47.6 (48.4) million.

In June, Cargotec signed an agreement to sell Technology and Competence Centre facilities in Tampere, Finland to W.P. Carey, a real estate investment trust in the United States. Cargotec will continue its business at the premises as leaseholder with a 20-year contract. The transaction value was approximately EUR 38.5 million.

In June 2012, Cargotec announced plans to invest in its multi-assembly unit (MAU) in Stargard Szczecinski, Northern Poland. The value of the investment during January-September in a new painting and assembly area was close to EUR 20 million. The construction work is expected to be completed in 2014.

Acquisitions and divestments

In July, MacGregor entered into an agreement to acquire privately owned Hatlapa Group, merchant ship and offshore deck equipment provider, for an enterprise value of EUR 160 million. By acquiring Hatlapa, MacGregor will strengthen its portfolio and market position and become a global leader in winches.

Hatlapa has 585 employees, most of whom work in Germany, Norway and Asia. Its full-year 2013 sales are expected to be around EUR 120 million. Relevant regulatory approvals have been received and the acquisition is expected to be completed at the end of October 2013.

In May, Kalmar acquired total ownership in the Spanish crane refurbishment and maintenance service company Mareiport, S.A. The acquisition is a strategic step for Kalmar to become a major global crane refurbishment and services provider. Kalmar has been a minority shareholder with 30 percent ownership in the company since 2007. Mareiport employs approximately 250 people, and the company’s sales totalled approximately EUR 20 million in 2012.

During the first quarter, Hiab sold 100 percent of O'Leary's Material Handling Services Pty Ltd, in Australia. The transaction had no material effect on Cargotec's result.

Personnel

Cargotec employed 10,216 (31 Dec 2012: 10,294) people at the end of the third quarter. MacGregor employed 1,779 (1,868) people, Kalmar 5,381 (5,190), Hiab 2,906 (3,025) and corporate administration and support functions 150 (211). The average number of employees in January–September was 10,185 (10,572).

At the end of the third quarter, 16 (31 Dec 2012: 17) percent of the employees were located in Sweden, 9 (9) percent in Finland and 32 (29) percent in the rest of Europe. Asia-Pacific personnel represented 26 (28) percent, North and South American 15 (14) percent, and the rest of the world 3 (3) percent of total employees.

Employee cooperation negotiations started in October 2012 in Hudiksvall, Sweden, were completed in March. As a result, a total of 105 persons were made redundant. Employee cooperation negotiations outside Finland and Sweden resulted in 78 redundancies.

Listing of MacGregor in Asia

Cargotec has been preparing for a separate listing of MacGregor in Singapore. Due to conditions in our markets and focusing on integration of Hatlapa acquisition, the Board of Directors has decided to delay the listing from the earlier announced first half of 2014.

President and CEO Mika Vehviläinen

On 27 January 2013, Cargotec's Board of Directors appointed Mr Mika Vehviläinen as Cargotec's new President and CEO. Mr Vehviläinen started work at Cargotec on 1 March 2013. More information about remuneration, fringe benefits and other terms of employment of the President and CEO is available on Cargotec’s website (www.cargotec.com/investors) in Governance section and in the annual remuneration statement.

Executive Board

In September 2013, Eric A. Nielsen was appointed President of the MacGregor business area as of 16 September 2013. He reports to President and CEO Mika Vehviläinen. The members of Cargotec's Executive Board are President and CEO Mika Vehviläinen, Executive Vice President and Chief Financial Officer Eeva Sipilä, Senior Vice President, Human Resources Mikko Pelkonen and business area Presidents Eric A.

Nielsen (MacGregor), Olli Isotalo (Kalmar) and Axel Leijonhufvud (Hiab). Senior Vice President, General Counsel Outi Aaltonen acts as Secretary to the Executive Board.

In March, Cargotec's Board of Directors decided to form an Extended Executive Board to support the company's Executive Board, from 1 April 2013. In addition to the above Executive Board members, the Extended Executive Board includes the following members: Outi Aaltonen, Senior Vice President, General Counsel; Stephen Foster, Senior Vice President, Corporate Audit; Soili Mäkinen, Chief Information Officer; Matti Sommarberg, Executive Vice President, Chief Technology Officer; Anne Westersund, Senior Vice President, Communications and Public Affairs. The main responsibilities of the Extended Executive Board include providing support for the President and CEO and the Executive Board in business area reviews, major projects, shared services and brand coordination.

Reporting segments

MacGregor

MEUR	**Q3/13**	Q3/12	Change	**Q1-Q3/13**	Q1-Q3/12	Change	2012
Orders received	**157**	125	25%	**650**	451	44%	645
Order book, end of period	**811**	984	-18%	**811**	984	-18%	848
Sales	**200**	229	-12%	**576**	756	-24%	995
Sales of services	**36**	39		**106**	119		161
% sales	**18**	17		**18**	16		16
Operating profit (EBIT)	**16.6**	21.9		**46.9**	91.8		127.7
% sales	**8.3**	9.6		**8.2**	12.1		12.8
Operating profit (EBIT)*	**17.7**	21.9		**48.2**	91.8		130.8
% sales*	**8.9**	9.6		**8.4**	12.1		13.2
Personnel, end of period	**1,779**	1,928		**1,779**	1,928		1,868

*excluding restructuring costs

MacGregor's orders for the third quarter grew 25 percent from the comparison period and amounted to EUR 157 (125) million. Demand for bulk ship cargo handling equipment was the highest.

Major orders received by MacGregor during the third quarter were:
- technology-operated side-rolling hatch covers, design and supply of key components and the fabrication of the hatch covers for five Greek bulk carriers,
- autonomous loading and unloading systems for a Japanese cement carrier,
- two offshore subsea cranes for a Norwegian owner, as well as
- 20 cargo cranes for four Chinese multi-purpose vessels.

Orders for January–September grew 44 percent from the comparison period, totalling EUR 650 (451) million. Order book declined 4 percent from the 2012 year-end, totalling EUR 811 (31 Dec 2012: 848) million at the end of the third quarter. Half of the order book is bulk, general cargo and container ship-related. Offshore support vessel-related orders comprised a quarter of the order book.

MacGregor's third quarter sales declined 12 percent from the comparison period, totalling EUR 200 (229) million. Share of services sales was 18 (17) percent or EUR 36 (39) million.

January–September sales declined 24 percent from the comparison period and amounted to EUR 576 (756) million. Sales fell due to low deliveries, resulting from a weaker order book for the period as well as customers delaying receipt of deliveries of these orders. Sales for services totalled EUR 106 (119) million, representing 18 (16) percent of sales. The fall in services sales was due to shipowners saving costs by postponing maintenance.

MacGregor's operating profit for the third quarter totalled EUR 16.6 (21.9) million. Operating profit includes EUR 1.1 (-) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 17.7 (21.9) million, representing 8.9 (9.6) percent of sales. Although operating profit still fell short of the comparison period due to low sales, operating profit margin has improved quarter by quarter in 2013.

January–September operating profit declined to EUR 46.9 (91.8) million. Operating profit includes EUR 1.3 (-) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 48.2 (91.8) million, representing 8.4 (12.1) percent of sales. Operating profit declined as a result of low sales.

Kalmar

MEUR	**Q3/13**	Q3/12	Change	**Q1-Q3/13**	Q1-Q3/12	Change	2012
Orders received	**366**	402	-9%	**1,073**	1,252	-14%	1,565
Order book, end of period	**1,040**	1,102	-6%	**1,040**	1,102	-6%	983
Sales	**354**	374	-5%	**1,082**	1,078	0%	1,495
Sales of services	**89**	95		**277**	272		377
% sales	**25**	25		**26**	25		25
Operating profit (EBIT)	**14.9**	16.6		**36.4**	38.3		32.4
% sales	**4.2**	4.4		**3.4**	3.6		2.2
Operating profit (EBIT)*	**15.6**	16.7		**38.5**	38.4		42.3
% sales*	**4.4**	4.5		**3.6**	3.6		2.8
Personnel, end of period	**5,381**	5,246		**5,381**	5,246		5,190

*excluding restructuring costs

In the third quarter, orders received by Kalmar declined nine percent from the comparison period and totalled EUR 366 (402) million. The comparison period included two port automation orders from Australia.

Major orders received by Kalmar during the third quarter were:

- 17 automated stacking cranes and 11 automated straddle carriers for TraPac Inc, Los Angeles, USA,
- 18 rough terrain container handlers to the United States Department of Defense,
- six rubber-tyred gantry cranes (RTGs) to Indonesia,
- five straddle carriers to USA, and
- five electric straddle carriers as well as a new generation hybrid straddle carrier on a rental basis to Belgium.

Orders received in January–September fell 14 percent from the comparison period and amounted to EUR 1,073 (1,252) million. The order book grew six percent from 2012 year-end and at the end of the third quarter it totalled EUR 1,040 (31 Dec 2012: 983) million.

Kalmar's third quarter sales, EUR 354 (374) million, declined five percent from the comparison period. Sales for services declined and amounted to EUR 89 (95) million, representing 25 (25) percent of sales.

January–September sales was on the the comparison period's level and totalled EUR 1,082 (1,078) million. Sales for services grew two percent from the comparison period and amounted to EUR 277 (272) million, representing 26 (25) percent of sales.

Kalmar's third-quarter operating profit declined slightly from the comparison period and totalled EUR 14.9 (16.6) million. Operating profit includes EUR 0.7 (0.1) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 15.6 (16.7) million, representing 4.4 (4.5) percent of sales.

Operating profit includes additional costs of EUR 9 million for projects. Larger-than-expected cost overruns appeared in certain ship-to-shore crane projects.

Operating profit for January–September was EUR 36.4 (38.3) million including EUR 2.1 (0.1) million in restructuring costs and a capital loss of EUR 1.5 million, booked in the second quarter, from selling Tampere facilities in Finland. Operating profit, excluding restructuring costs, amounted to EUR 38.5 (38.4) million, representing 3.6 (3.6) percent of sales. Additional costs of EUR 23 million for projects were booked in the reporting period. These were mainly caused by problems in logistics, engineering and the delivery of cranes.

Hiab

MEUR	**Q3/13**	Q3/12	Change	**Q1-Q3/13**	Q1-Q3/12	Change	2012
Orders received	**203**	192	6%	**628**	646	-3%	850
Order book, end of period	**199**	229	-13%	**199**	229	-13%	192
Sales	**198**	191	4%	**611**	605	1%	840
Sales of services	**57**	55		**172**	169		229
% sales	**29**	29		**28**	28		27
Operating profit (EBIT)	**5.6**	5.4		**13.5**	18.2		16.7
% sales	**2.8**	2.8		**2.2**	3.0		2.0
Operating profit (EBIT)*	**8.1**	5.8		**20.5**	18.6		27.1
% sales*	**4.1**	3.0		**3.4**	3.1		3.2
Personnel, end of period	**2,906**	3,129		**2,906**	3,129		3,025

*excluding restructuring costs

Hiab's orders received for the third quarter, EUR 203 (192) million, grew six percent from the comparison period. Orders for January–September declined three percent from the comparison period to EUR 628 (646) million, mainly due to a weaker market situation in some European countries. During the third quarter, Hiab received a major order for 70 loader cranes that includes a long-term repair and maintenance package. The other orders were small individual ones, which is typical of the business. Order book grew four percent from 2012 year-end, totalling EUR 199 (31 Dec 2012: 192) million at the end of the third quarter.

Hiab's third quarter sales increased four percent from the comparison period and totalled EUR 198 (191) million. Sales for services amounted to EUR 57 (55) million, representing 29 (29) percent of sales.

January–September sales grew slightly and amounted to EUR 611 (605) million. Sales for services totalled EUR 172 (169) million, representing 28 (28) percent of sales.

Operating profit for Hiab in the third quarter totalled EUR 5.6 (5.4) million. Operating profit includes EUR 2.4 (0.3) million in restructuring costs. Operating profit, excluding restructuring costs, increased and amounted to EUR 8.1 (5.8) million, representing 4.1 (3.0) percent of sales.

January–September operating profit amounted to EUR 13.5 (18.2) million. Operating profit includes EUR 7.1 (0.3) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 20.5 (18.6) million, representing 3.4 (3.1) percent of sales.

Decisions taken at Cargotec Corporation's Annual General Meeting
Cargotec Corporation's Annual General Meeting (AGM) held on 20 March 2013 approved the 2012 financial statements and consolidated financial statements, discharging the President and CEO and members of the Board of Directors from liability for the accounting period 1 January–31 December 2012. The AGM approved the proposals by the Board to authorise the Board to decide on the repurchase of own shares. The authorisation for the repurchase of own shares shall remain in effect for a period of 18 months from the AGM's resolution. More detailed information on the authorisation was published in a stock exchange release on the date of the AGM, 20 March 2013.

The AGM approved the payment of a dividend of EUR 0.71 per class A share and EUR 0.72 per class B share outstanding. The dividend was paid on 3 April 2013.

The number of members of the Board of Directors was confirmed at seven. Tapio Hakakari, Ilkka Herlin, Peter Immonen, Antti Lagerroos, Teuvo Salminen and Anja Silvennoinen were re-elected to the Board of Directors. Jorma Eloranta was appointed as a new member. The meeting decided their yearly remuneration as follows: EUR 80,000 for the Chairman, EUR 55,000 to the Vice Chairman, EUR 55,000 for the Chairman of the Audit and Risk Management Committee and EUR 40,000 for 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 will be paid in Cargotec Corporation's class B shares, with the rest paid in cash.

Authorised public accountants Jouko Malinen and PricewaterhouseCoopers Ltd were elected as auditors. The decision was taken to pay the auditors' fees in accordance with the invoice approved by the company.

Organisation of the Board of Directors
On 20 March 2013, 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, will continue as Secretary to the Board of Directors.

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

The Board decided to continue the practice by which members retain their ownership of any Cargotec shares they have obtained as remuneration, for at least two years from the day they obtained them. These shares will be purchased at their market price on a quarterly basis.

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 54,786,291 while that of unlisted class A shares totalled 9,526,089. During the reporting period, the number of class B shares grew by 7,500 shares subscribed with 2010A option rights. The entire subscription price of EUR 142,650 was credited to the

reserve for invested non-restricted equity. As a consequence, Cargotec's share capital remained unchanged. The total number of class B shares includes 2,959,487 own class B shares held by the company, accounting for 4.60 percent of the share capital. These shares were repurchased in 2005–2008. Excluding treasury shares held by the company, the number of issued class B shares totalled 51,826,804 at the end of September.

The 2013 AGM authorised the Board to decide on the repurchase of own shares, but the Board did not exercise this authorisation during the reporting period.

Share-based incentive programmes

Cargotec's Board of Directors decided in August to redefine compensation and incentive structures to ensure improvement of Cargotec's financial performance. As part of the redefinition, the Board approved a new share-based incentive programme for Cargotec’s key personnel. The number of the participants is 42 persons, including Cargotec's President and CEO and members of the Executive Board. The purpose of the programme is to encourage the persons to work to increase long-term shareholder value and also to commit them to the company.

The programme consists of an earnings period based on the H2/2013 financial performance and a holding period of approximately two years following the performance period. The potential reward will be delivered in Cargotec class B shares. The shares will be delivered in spring 2014 and will be released in two tranches during year 2015.

In 2010, Cargotec established a share-based incentive programme for Cargotec executives. This programme aims to ensure the 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 company ownership. The programme includes three earnings periods, each lasting three calendar years, which commenced in 2010, 2011 and 2012. Since the minimum earnings criteria for the first earnings period 2010-2012 was not fulfilled, there will be no payout based on the first earnings period. The earnings criteria for the second earnings period consist of the operating profit margin and sales for the financial period 2013. The potential payment will be made in spring 2014.

Option programme

In 2010, Cargotec established an option programme for the key personnel of Cargotec and its subsidiaries. This programme is intended to encourage key personnel to engage in long-term efforts to increase the company's shareholder value, as well as to commit key personnel to the employer. The programme includes 2010A, 2010B and 2010C stock options and the maximum total number of stock options issued will be 1,200,000.

A total of 400,000 2010A stock options assigned to 50 key employees were listed on the main list of NASDAQ OMX Helsinki on 2 April 2013. Each stock option entitles its holder to subscribe for one (1) new class B share in Cargotec between 1 April 2013 and 30 April 2015. The share subscription price currently amounts to EUR 19.02 per share. At the end of the reporting period, the number of listed 2010A stock options was 392,500.

The share subscription, involving a total of 25,456 2010B stock options, will commence on April 2014. The earnings criterion for stock options 2010C subscription to commence was not fulfilled.

Market capitalisation and trading

At the end of September, the total market value of class B shares was EUR 1,485 (951) 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 period, was EUR 1,758 (1,128) million, excluding treasury shares held by the company.

The class B share closed at EUR 28.65 (18.35) on the last trading day of September in NASDAQ OMX Helsinki Ltd. The volume weighted average share price for the period was EUR 23.85 (23.92), the highest quotation being EUR 29.64 (33.62) and the lowest EUR 19.35 (15.65). In January–September, a total of 30 (50) million class B shares were traded on NASDAQ OMX Helsinki Ltd., corresponding to a turnover of EUR 707 (1,204) million. In addition to NASDAQ OMX Helsinki Ltd., a total of 22 (31) million class B shares were traded in several alternative market places, corresponding to a turnover of EUR 537 (786) million. Shares were mainly traded in BATS Chi-X CXE and Turquoise.

Events after the reporting period

MacGregor won in October an approximately EUR 37 million order for 45 electric winches from Hyundai Samho Heavy Industries Co. Ltd, in South Korea. The order will be booked in the fourth quarter 2013 order intake and the equipment is scheduled for delivery between the second and fourth quarter of 2014.

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. Economic developments are characterised by uncertainty, especially in Europe. Order lead time for load hanling equipment is three to four months, which is clearly shorter compared to other Cargotec products. Therefore a possible sudden deterioration in demand requires quick response, especially at Hiab. Risks stemming from the financing sector and volatility on the currency markets could add to this uncertainty. Greater difficulty in obtaining financing would weaken customers' liquidity and investments.

Kalmar is engaged in several major port automation projects, which require close management of both the project itself and the supply chain in particular. The projects include automation solutions, which involve technical and scheduling challenges. This could lead to cost and scheduling overruns.

A significant number of measures are being taken to improve Cargotec's profitability. Succeeding in them and keeping their timetable is essential for the profitability turnaround. During the last quarter of the year, focus will be on fulfilment of deliveries and releasing working capital.

Outlook for 2013

The sales and operating profit excluding restructuring costs for 2013 are expected to fall short of 2012.

Financial calendar 2014

Financial statements review 2013, Tuesday, 4 February 2014
Annual General Meeting 2014, Tuesday, 18 March 2014
January–March 2014 interim report, Tuesday, 29 April 2014
January–June 2014 interim report, Friday, 18 July 2014
January–September 2014 interim report, Thursday, 23 October 2014

Helsinki, 24 October 2013
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Condensed consolidated statement of income

MEUR	**7-9/2013**	**7-9/2012**	**1-9/2013**	**1-9/2012**	**1-12/2012**
Sales	**752.1**	**793.6**	**2,267.1**	**2,437.0**	**3,327.3**
Cost of goods sold	-611.0	-642.1	-1,848.5	-1,962.3	-2,693.0
Gross profit	**141.1**	**151.5**	**418.7**	**474.7**	**634.3**
Gross profit, %	*18.8*	*19.1*	*18.5*	*19.5*	*19.1*
Costs and expenses	-109.6	-112.8	-340.9	-357.8	-502.7
Share of associated companies' and joint ventures' net income	-0.2	-0.1	-0.5	0.2	-0.3
Operating profit	**31.2**	**38.5**	**77.3**	**117.2**	**131.4**
Operating profit, %	*4.2*	*4.9*	*3.4*	*4.8*	*3.9*
Financing income and expenses	-4.0	-3.5	-9.6	-8.6	-8.9
Income before taxes	**27.3**	**35.0**	**67.7**	**108.6**	**122.5**
Income before taxes, %	*3.6*	*4.4*	*3.0*	*4.5*	*3.7*
Income taxes	-7.9	-10.1	-20.0	-28.2	-33.1
Net income for the period	**19.3**	**24.9**	**47.7**	**80.3**	**89.5**
Net income for the period, %	*2.6*	*3.1*	*2.1*	*3.3*	*2.7*
Net income for the period attributable to:					
Equity holders of the company	19.3	24.9	47.4	80.0	89.1
Non-controlling interest	0.1	0.0	0.3	0.3	0.3
Total	**19.3**	**24.9**	**47.7**	**80.3**	**89.5**
Earnings per share for profit attributable to the equity holders of the company:					
Basic earnings per share, EUR	0.31	0.41	0.77	1.30	1.45
Diluted earnings per share, EUR	0.31	0.41	0.77	1.30	1.45

Consolidated statement of comprehensive income

MEUR	7-9/2013	7-9/2012	1-9/2013	1-9/2012	1-12/2012
Net income for the period	19.3	24.9	47.7	80.3	89.5
Items that will not be reclassified to statement of income:					
Defined benefit plan acturial gains (+) / losses (-)	-0.3	-0.5	0.1	-0.7	-5.1
Taxes relating to items that will not be reclassified to statement of income	0.1	0.1	-0.1	0.2	0.8
Total	**-0.3**	**-0.4**	**0.0**	**-0.5**	**-4.3**
Items that may be reclassified subsequently to statement of income:					
Gain/loss on cash flow hedges	10.7	41.2	3.1	28.3	32.0
Gain/loss on cash flow hedges transferred to statement of income	-2.1	-26.2	-10.4	-23.1	-26.8
Translation differences	-1.1	32.1	-43.8	63.8	33.9
Taxes relating to items that may be reclassified subsequently to statement of income	-5.1	-15.3	6.8	-18.4	-13.1
Total	**2.4**	**31.8**	**-44.3**	**50.6**	**25.9**
Comprehensive income for the period	**21.5**	**56.3**	**3.4**	**130.4**	**111.1**
Comprehensive income for the period attributable to:					
Equity holders of the company	21.4	56.3	3.1	129.9	110.8
Non-controlling interest	0.0	0.0	0.2	0.5	0.4
Total	**21.5**	**56.3**	**3.4**	**130.4**	**111.1**

From the beginning of 2013, Cargotec applies the amendment to IAS 19 Employee benefits. The data for the comparison periods has been restated accordingly. Additional information is available in note 10.

The notes are an integral part of these interim consolidated financial statements.

Condensed consolidated balance sheet

ASSETS, MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Non-current assets			
Intangible assets	1,002.1	1,033.4	1,021.3
Property, plant and equipment	277.5	296.4	303.7
Loans receivable and other interest-bearing assets*	4.3	9.8	8.2
Investments in associated companies and joint ventures	91.5	43.0	97.3
Non-interest-bearing assets	162.1	155.0	176.8
Total non-current assets	**1,537.5**	**1,537.5**	**1,607.3**
Current assets			
Inventories	709.6	837.2	747.2
Loans receivable and other interest-bearing assets*	1.9	1.7	1.6
Accounts receivable and other non-interest-bearing assets	745.8	748.7	733.0
Cash and cash equivalents*	264.9	126.0	209.0
Total current assets	**1,722.2**	**1,713.6**	**1,690.8**
Assets held for sale	**-**	**13.4**	**-**
Total assets	**3,259.8**	**3,264.5**	**3,298.2**

EQUITY AND LIABILITIES, MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Equity			
Equity attributable to the equity holders of the company	1,174.6	1,233.6	1,214.5
Non-controlling interest	4.3	3.5	4.1
Total equity	**1,178.9**	**1,237.1**	**1,218.5**
Non-current liabilities			
Interest-bearing liabilities*	547.3	448.4	439.7
Deferred tax liabilities	58.8	67.4	64.7
Provisions	35.5	32.4	37.3
Pension obligations and other non-interest-bearing liabilities	120.7	80.3	127.6
Total non-current liabilities	**762.3**	**628.6**	**669.3**
Current liabilities			
Interest-bearing liabilities*	296.9	179.9	259.0
Provisions	63.4	74.8	80.2
Advances received	192.9	348.4	315.0
Accounts payable and other non-interest-bearing liabilities	765.3	795.7	756.1
Total current liabilities	**1,318.6**	**1,398.9**	**1,410.3**
Liabilities directly associated with assets held for sale	-	-	-
Total equity and liabilities	**3,259.8**	**3,264.5**	**3,298.2**

*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 2013, EUR 3.6 (30 Sep 2012: -6.3 and 31 Dec 2012: -1.6) million.

From the beginning of 2013, Cargotec applies the amendment to IAS 19 Employee benefits. The data for the comparison periods has been restated accordingly. Additional information is available in note 10.

The notes are an integral part of these interim consolidated financial statements.

Consolidated statement of changes in equity

	Attributable to the equity holders of the company								
MEUR	**Share capital**	**Share premium account**	**Translation differences**	**Fair value reserves**	**Reserve for invested non-restricted equity**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Equity on 31 Dec 2011	**64.3**	**98.0**	**105.6**	**9.6**	**-**	**895.7**	**1,173.2**	**4.0**	**1,177.1**
Change in accounting principles						-9.6	-9.6	0.0	-9.6
Equity on 1 Jan 2012	**64.3**	**98.0**	**105.6**	**9.6**	**-**	**886.1**	**1,163.5**	**4.0**	**1,167.5**
Net income for the period						80.0	80.0	0.3	80.3
Cash flow hedges				3.4			3.4		3.4
Translation differences			47.1				47.1	0.2	47.2
Defined benefit plan actuarial gains (+) /losses (-)*						-0.5	-0.5		-0.5
Comprehensive income for the period*			**47.1**	**3.4**		**79.5**	**129.9**	**0.5**	**130.4**
Dividends paid						-61.3	-61.3	-0.1	-61.4
Share-based incentives*						0.5	0.5		0.5
Transactions with owners of the company						**-60.7**	**-60.7**	**-0.1**	**-60.9**
Transactions with non-controlling interests						0.8	0.8	-0.8	-
Changes in ownership interest in subsidiaries						**0.8**	**0.8**	**-0.8**	**0.0**
Equity on 30 Sep 2012	**64.3**	**98.0**	**152.6**	**12.9**	**-**	**905.7**	**1,233.6**	**3.5**	**1,237.1**
Equity on 31 Dec 2012	**64.3**	**98.0**	**127.2**	**13.7**	**-**	**924.8**	**1,228.1**	**4.1**	**1,232.2**
Change in accounting principles						-13.6	-13.6	0.0	-13.6
Equity on 1 Jan 2013	**64.3**	**98.0**	**127.2**	**13.7**	**-**	**911.2**	**1,214.5**	**4.1**	**1,218.5**
Net income for the period						47.4	47.4	0.3	47.7
Cash flow hedges				-5.6			-5.6		-5.6
Translation differences			-38.6				-38.6	-0.1	-38.7
Defined benefit plan actuarial gains (+)/losses (-)						0.0	0.0		0.0
Comprehensive income for the period*			**-38.6**	**-5.6**		**47.4**	**3.2**	**0.2**	**3.4**
Dividends paid						-44.1	-44.1		-44.1
Stock options exercised					0.1		0.1		0.1
Share-based incentives*						0.9	0.9		0.9
Transactions with owners of the company					**0.1**	**-43.2**	**-43.0**	**0.0**	**-43.0**
Equity on 30 Sep 2013	**64.3**	**98.0**	**88.6**	**8.1**	**0.1**	**915.5**	**1,174.6**	**4.3**	**1,178.9**

*Net of tax

From the beginning of 2013, Cargotec applies the amendment to IAS 19 Employee benefits. The data for the comparison periods has been restated accordingly. Additional information is available in note 10.

The notes are an integral part of these interim consolidated financial statements.

Condensed consolidated statement of cash flows

MEUR	1-9/2013	1-9/2012	1-12/2012
Net income for the period	47.7	80.4	89.5
Depreciation, amortisation and impairment	47.6	48.4	70.0
Other adjustments	35.0	36.7	34.0
Change in net working capital	-83.3	-159.1	-96.4
Cash flow from operations	**47.0**	**6.4**	**97.1**
Cash flow from financial items and taxes*	-73.2	-23.3	-37.6
Cash flow from operating activities	**-26.1**	**-16.9**	**59.5**
Acquisitions, net of cash acquired	-1.5	-22.1	-22.1
Divestments, net of cash sold	0.2	10.5	10.5
Investments to associated companies and joint ventures	-	-32.3	-89.7
Cash flow from investing activities, other items	-21.7	-67.9	-77.9
Cash flow from investing activities	**-22.9**	**-111.8**	**-179.3**
Stock options exercised	0.1	-	-
Proceeds from long term borrowings	195.4	55.1	62.1
Repayments of long term borrowings	-28.0	-39.9	-49.9
Proceeds from short term borrowings	32.0	92.9	160.5
Repayments of short term borrowings	-48.3	-3.7	-9.9
Dividends paid	-44.1	-61.4	-61.4
Cash flow from financing activities	**107.3**	**43.1**	**101.5**
Change in cash	**58.2**	**-85.7**	**-18.3**
Cash, cash equivalents and bank overdrafts at the beginning of period	183.9	200.4	200.4
Effect of exchange rate changes	2.0	3.5	1.8
Cash, cash equivalents and bank overdrafts at the end of period	**244.1**	**118.2**	**183.9**
Bank overdrafts at the end of period	20.8	7.9	25.0
Cash and cash equivalents at the end of period	**264.9**	**126.0**	**209.0**

*Investments to intangible assets and property, plant and equipment include capitalised interests in the comparison periods: EUR 0.6 million in 1-9/2012 and EUR 1.0 million in 1-12/2012.

From the beginning of 2013, Cargotec applies the amendment to IAS 19 Employee benefits. The data for the comparison periods has been restated accordingly. Additional information is available in note 10.

The notes are an integral part of these interim consolidated financial statements.

Key figures

		1-9/2013	1-9/2012	1-12/2012
Equity / share	EUR	19.15	20.11	19.80
Interest-bearing net debt	MEUR	576.7	484.5	478.2
Total equity / total assets	%	38.4	42.4	40.8
Gearing	%	48.9	39.2	39.2
Return on equity, annualised	%	5.3	8.9	7.5
Return on capital employed, annualised	%	5.7	9.6	8.2

From the beginning of 2013, Cargotec applies the amendment to IAS 19 Employee benefits. The data for the comparison periods has been restated accordingly. Additional information is available in note 10.

Notes to the interim financial statements review

1. General information

Cargotec Corporation is a limited liability company domiciled in Helsinki, Finland. The registered address is Porkkalankatu 5, 00180 Helsinki, Finland. Cargotec Corporation and its subsidiaries form the Cargotec Group (later referred to as Cargotec or company). Cargotec Corporation's class B shares are listed on the NASDAQ OMX Helsinki since 1 June 2005.

2. Accounting principles and new accounting standards

The interim financial statements review has been prepared according to IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2012. 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, 2013:

Starting from 1 January 2013, Cargotec has adopted the amendment to the IAS 19 Employee benefits. Comparison periods have been restated to comply with the revised standard. Most significant change for Cargotec was the elimination of the 'corridor approach'. Information on the changes to the comparison figures has been presented in note 10.

Revised accounting principle for pension obligations is the following:

Cargotec has various pension plans which comply with local conditions and practices. The plans are classified either as defined contribution plans or defined benefit plans. Contributions to the defined contribution plans are charged directly to the statement of income in the year to which these contributions relate.

The liability recognised in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the end of reporting period less fair value of plan assets. The defined benefit obligation is calculated using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the statement of income.

Defined benefit pension costs consist of service costs, net interest costs and the effects of any curtailment or settlement.

Restatement of reporting segments' comparable figures

Cargotec has three reporting segments which are based on business areas MacGregor, Kalmar and Hiab.
Bulk Handling business was transferred from MacGregor to Kalmar as of 1 January 2013.
Reporting segments' financial information for comparable periods has been restated accordingly.

3. Segment information

Sales, MEUR	Q3/2013	Q3/2012	1-9/2013	1-9/2012	1-12/2012
MacGregor	200	229	576	756	995
Kalmar	354	374	1,082	1,078	1,495
Hiab	198	191	611	605	840
Internal sales	-1	0	-1	-2	-2
Total	**752**	**794**	**2,267**	**2,437**	**3,327**

Operating profit, MEUR	Q3/2013	Q3/2012	1-9/2013	1-9/2012	1-12/2012
MacGregor	16.6	21.9	46.9	91.8	127.7
Kalmar	14.9	16.6	36.4	38.3	32.4
Hiab	5.6	5.4	13.5	18.2	16.7
Corporate administration and support functions	-5.9	-5.5	-19.5	-31.1	-45.4
Total	**31.2**	**38.5**	**77.3**	**117.2**	**131.4**

Operating profit, %	Q3/2013	Q3/2012	1-9/2013	1-9/2012	1-12/2012
MacGregor	8.3	9.6	8.2	12.1	12.8
Kalmar	4.2	4.4	3.4	3.6	2.2
Hiab	2.8	2.8	2.2	3.0	2.0
Cargotec	4.2	4.9	3.4	4.8	3.9

Operating profit excl. restructuring costs, MEUR	Q3/2013	Q3/2012	1-9/2013	1-9/2012	1-12/2012
MacGregor	17.7	21.9	48.2	91.8	130.8
Kalmar	15.6	16.7	38.5	38.4	42.3
Hiab	8.1	5.8	20.5	18.6	27.1
Corporate administration and support functions	-5.9	-5.5	-19.4	-31.1	-42.7
Total	**35.4**	**39.0**	**87.9**	**117.6**	**157.5**

Operating profit excl. restructuring costs, %	Q3/2013	Q3/2012	1-9/2013	1-9/2012	1-12/2012
MacGregor	8.9	9.6	8.4	12.1	13.2
Kalmar	4.4	4.5	3.6	3.6	2.8
Hiab	4.1	3.0	3.4	3.1	3.2
Cargotec	4.7	4.9	3.9	4.8	4.7

Sales by geographical area, MEUR	Q3/2013	Q3/2012	1-9/2013	1-9/2012	1-12/2012
EMEA	308	321	976	959	1,341
Asia-Pacific	257	282	741	885	1,178
Americas	187	190	550	592	808
Total	**752**	**794**	**2,267**	**2,437**	**3,327**

Sales by geographical area, %	Q3/2013	Q3/2012	1-9/2013	1-9/2012	1-12/2012
EMEA	40.9	40.5	43.1	39.4	40.3
Asia-Pacific	34.2	35.6	32.7	36.3	35.4
Americas	24.9	23.9	24.3	24.3	24.3
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Orders received, MEUR	Q3/2013	Q3/2012	1-9/2013	1-9/2012	1-12/2012
MacGregor	157	125	650	451	645
Kalmar	366	402	1,073	1,252	1,565
Hiab	203	192	628	646	850
Internal orders received	-1	0	-2	-2	-2
Total	**724**	**719**	**2,348**	**2,348**	**3,058**

Order book, MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
MacGregor	811	984	848
Kalmar	1,040	1,102	983
Hiab	199	229	192
Internal order book	-2	-2	-2
Total	**2,048**	**2,312**	**2,021**

Number of employees at the end of period	30 Sep 2013	30 Sep 2012	31 Dec 2012
MacGregor	1,779	1,928	1,868
Kalmar	5,381	5,246	5,190
Hiab	2,906	3,129	3,025
Corporate administration and support functions	150	246	211
Total	**10,216**	**10,550**	**10,294**

Average number of employees	1-9/2013	1-9/2012	1-12/2012
MacGregor	1,787	1,975	1,951
Kalmar	5,292	5,188	5,195
Hiab	2,950	3,152	3,129
Corporate administration and support functions	156	258	247
Total	**10,185**	**10,572**	**10,522**

Bulk Handling business was transferred from MacGregor to Kalmar as of 1 January 2013. Reporting segments' financial information for comparison periods has been restated accordingly.

4. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	1-9/2013	1-9/2012	1-12/2012
Intangible assets	11.5	18.8	22.7
Property, plant and equipment	60.1	60.3	87.7
Total	**71.6**	**79.1**	**110.5**

Depreciation, amortisation and impairment, MEUR	1-9/2013	1-9/2012	1-12/2012
Intangible assets	13.9	13.5	19.2
Buildings	5.7	6.0	9.2
Machinery & equipment	28.0	28.9	41.6
Total	**47.6**	**48.4**	**70.0**

5. Taxes in statement of income

MEUR	1-9/2013	1-9/2012	1-12/2012
Current year tax expense	22.2	28.8	35.5
Deferred tax expense	-0.3	-0.9	-5.4
Tax expense for previous years	-1.9	0.4	2.9
Total	**20.0**	**28.3**	**33.1**

6. Interest-bearing net debt and liquidity

MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Interest-bearing liabilities*	847.8	622.0	697.0
Loans receivable and other interest-bearing assets	-6.1	-11.5	-9.8
Cash and cash equivalents	-264.9	-126.0	-209.0
Interest-bearing net debt	**576.7**	**484.5**	**478.2**
Equity	1,178.9	1,237.1	1,218.5
Gearing	**48.9%**	**39.2%**	**39.2%**

*The fair values do not materially differ from book values. One exception is the hedging of currency risk relating to the USD 300 million Private Placement bond, which affected the interest-bearing liabilities on 30 Sep 2013 by EUR 3.6 (30 Sep 2012: -6.3 and 31 Dec 2012: -1.6) million.

MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Cash and cash equivalents	264.9	126.0	209.0
Committed long-term undrawn revolving credit facilities	300.0	300.0	300.0
Repayments of interest-bearing liabilities in following 12 months	-275.1	-172.0	-258.6
Total liquidity	**289.8**	**254.0**	**250.4**

7. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Sep 2013	Negative fair value 30 Sep 2013	Net fair value 30 Sep 2013	Net fair value 30 Sep 2012	Net fair value 31 Dec 2012
Currency forward contracts	33.5	18.1	15.4	27.6	26.3
Cross-currency and interest rate swaps	28.4	27.8	0.0	16.9	8.8
Total	**61.9**	**45.9**	**15.4**	**44.6**	**35.1**
Non-current portion:					
Currency forward contracts	1.4	2.3	-0.9	8.7	0.6
Cross-currency and interest rate swaps	27.0	25.5	1.5	16.9	8.8
Non-current portion	**28.4**	**27.8**	**0.6**	**25.6**	**9.4**
Current portion	**33.5**	**18.1**	**14.7**	**19.0**	**25.7**

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

Financial assets and liabilities recognised at fair value through profit and loss comprise solely currency derivatives as well as cross-currency and interest rate swaps, which are classified to level 2, observable input information, in the fair value hierarchy.

Nominal values of derivative financial instruments

MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Currency forward contracts	3,377.2	3,524.6	3,575.9
Hedge accounting	1,619.2	2,042.7	1,926.8
Cross-currency and interest rate swaps	222.1	232.0	227.4
Total	**3,599.3**	**3,756.6**	**3,803.3**

The fair values of derivatives have been recognised as gross values to the balance sheet, as the netting agreements are related to credit events, and do not normally allow netting at the balance sheet date. The group has not given or received securities from the counterparties related to derivatives.

8. Commitments

MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Guarantees	0.7	1.0	0.9
End customer financing	9.1	7.7	10.0
Operating leases	115.9	68.2	81.2
Off balance sheet investment commitments	-	-	9.0
Other contingent liabilities	3.0	3.1	3.0
Total	**128.7**	**80.0**	**104.2**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 423.9 (30 Sep 2012: 446.6 and 31 Dec 2012: 411.3) 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 customer finance commitments.

The future minimum lease payments under non-cancellable operating leases

MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Less than 1 year	19.0	19.9	20.7
1-5 years	46.1	33.0	39.6
Over 5 years	50.8	15.3	21.0
Total	**115.9**	**68.2**	**81.2**

The aggregate operating lease expenses totaled EUR 16.9 (1-9/2012: 23.5 and 1-12/2012: 27.6) million.

In 2011, Cargotec Finland Oy received an action brought against the co-operation procedure at the Salo factory in 2008. The case is still on progress. Cargotec finds the action unfounded and inappropriate, denies non-compliance and has made no provision in relation to it.

Some lawsuits, claims and disputes based on various grounds are pending against Cargotec around the world. Management believes that the outcome of these disputes will not have a material effect on Cargotec's financial position.

9. Acquisitions and disposals

In July, MacGregor entered into an agreement to acquire privately owned Hatlapa Group, merchant ship and offshore deck equipment provider, for an enterprise value of EUR 160 million. By acquiring Hatlapa, MacGregor will strengthen its portfolio and market position and become a global leader in winches.

Hatlapa has 585 employees, most of whom work in Germany, Norway and Asia. Its full-year 2013 sales are expected to be around EUR 120 million. Relevant regulatory approvals have been received and the acquisition is expected to be completed at the end of October 2013.

In May, Kalmar acquired 70 percent ownerships in Spanish crane refurbishment and maintenance service companies Mareiport S.A. and Protecciones Superficiales y Applicaciones S.L. As a result of the acquisition, group's ownership in the companies increased to 100 percent. The acquisition is a strategic step for Kalmar to become a major global crane refurbishment and services provider. The entities’ sales in 2012 totaled approximately EUR 20 million and they employ approximately 250 people.

Consolidation of the acquired businesses is provisional as of 30 September 2013. Fair value measurement of the acquired assets, liabilities and contingent consideration is preliminary and subject to adjustments until the valuation is finalised. In the valuation, order book and trademark have been identified as acquired intangible assets. The acquisition will generate also goodwill, which will not be tax-deductible. Goodwill is primarily based on personnel and expected synergy benefits.

MEUR	
Purchase price, to be settled in cash	7.9
Preliminary contingent consideration	2.5
Total consideration	**10.4**
Purchase price, settled in cash	4.0
Cash and cash equivalents acquired	-2.5
Cash flow impact	**1.5**

Out of the purchase price EUR 4.0 million was paid upon the acquisition and the remaining EUR 3.9 will be paid within 12 months. Additionally, Kalmar is committed to pay contingent consideration amounting EUR 2.5 million as a maximum based on the acquired entities’ earnings before interest and taxes (EBIT) in 2013. Contingent consideration will be paid in 2014 and based on the current assessment it is expected to be settled in full.

The pre-existing ownership in the entities has been valued at fair value at the date of acquisition. The revaluation result of EUR 0.01 million is included in other operating income in the consolidated statement of income.

Acquisition-related transaction costs of EUR 0.1 million have been included in the operating profit of the Kalmar segment and in other operating expenses in the consolidated statement of income.

During the first quarter, Hiab sold 100 percent of O'Leary's Material Handling Services Pty Ltd, in Australia. The transaction had no material effect on Cargotec's result.

10. Effect of the change in the accounting principle for pensions

MEUR	Reported	Change	Restated
1 January 2012			
Pension obligations	45.6	13.2	58.7
Equity	1,177.1	-9.6	1,167,5
Deferred tax assets	121.6	3.9	125.5
Deferred tax liabilities	51.4	0.3	51.7
Net income for 2012	89.2	0.3	89.5
Comprehensive income for 2012	115.1	-4.0	111.1
31 December 2012			
Pension obligations	50.4	17.9	68.3
Equity	1,232.2	-13.6	1,218,5
Deferred tax assets	125.7	4.4	130.1
Deferred tax liabilities	64.6	0.1	64.7
Equity / share	20.02	-0.2	19.80
Total equity / total assets	41.4	-0.6	40.8
Gearing	38.8	0.4	39,2
Return on equity in 2012	7.4	0.1	7.5
Return on capital employed in 2012	8.1	0.1	8.2

The change had no effect to earnings / share.

Key exchange rates for the Euro

Closing rate	30 Sep 2013	30 Sep 2012	31 Dec 2012
SEK	8.658	8.450	8.582
USD	1.351	1.293	1.319

Average rate	1-9/2013	1-9/2012	1-12/2012
SEK	8.604	8.727	8.701
USD	1.319	1.289	1.293

Calculation of key figures

Equity / share, EUR = $\dfrac{\text{Total equity attributable to the equity holders of the company}}{\text{Number of outstanding shares at the end of period}}$

Interest-bearing net debt, MEUR = Interest-bearing debt* - interest-bearing assets

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

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

Return on equity (%) = 100 x $\dfrac{\text{Net income for the period}}{\text{Total equity (average for the period)}}$

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

Basic earnings / share, EUR = $\dfrac{\text{Net income for the period attributable to the equity holders of the company}}{\text{Average number of outstanding shares during the period}}$

Diluted earnings / share, EUR = $\dfrac{\text{Net income for the period attributable to the equity holders of the company}}{\text{Average number of outstanding diluted shares during the period}}$

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

Quarterly figures

Cargotec		Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012
Orders received	MEUR	724	833	791	710	719
Order book	MEUR	2,048	2,147	2,203	2,021	2,312
Sales	MEUR	752	836	679	890	794
Operating profit	MEUR	31.2	32.9	13.1	14.2	38.5
Operating profit	%	4.2	3.9	1.9	1.6	4.9
Operating profit*	MEUR	35.4	37.5	15.0	39.9	39.0
Operating profit*	%	4.7	4.5	2.2	4.5	4.9
Basic earnings/share	EUR	0.31	0.36	0.10	0.15	0.41

MacGregor		Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012
Orders received	MEUR	157	284	209	194	125
Order book	MEUR	811	914	886	848	984
Sales	MEUR	200	211	165	238	229
Operating profit*	MEUR	17.7	18.3	12.2	39.0	21.9
Operating profit*	%	8.9	8.7	7.4	16.4	9.6

Kalmar		Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012
Orders received	MEUR	366	342	366	313	402
Order book	MEUR	1,040	1,037	1,106	983	1,102
Sales	MEUR	354	405	323	417	374
Operating profit*	MEUR	15.6	16.0	7.0	3.9	16.7
Operating profit*	%	4.4	3.9	2.2	0.9	4.5

Hiab		Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012
Orders received	MEUR	203	208	216	203	192
Order book	MEUR	199	198	214	192	229
Sales	MEUR	198	221	192	235	191
Operating profit*	MEUR	8.1	8.9	3.6	8.5	5.8
Operating profit*	%	4.1	4.0	1.9	3.6	3.0

*Operating profit excluding restructuring costs