Cargotec's January–September 2015 interim report: Kalmar and Hiab orders and profitability developed positively, MacGregor market situation remained challenging

July–September 2015 in brief

- Orders received increased 9 percent and totalled EUR 907 (829) million.
- Order book grew one percent from the 2014 year-end, and at the end of the reporting period it totalled EUR 2,233 (31 Dec 2014: 2,200) million.
- Sales grew 10 percent to EUR 928 (840) million.
- Operating profit excluding restructuring costs was EUR 68.3 (48.4) million, representing 7.4 (5.8) percent of sales.
- Operating profit was EUR 61.9 (45.8) million, representing 6.7 (5.4) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 74.5 (63.4) million.
- Net income for the period amounted to EUR 43.6 (27.8) million.
- Earnings per share was EUR 0.67 (0.43).

January–September 2015 in brief

- Orders received increased 2 percent and totalled EUR 2,733 (2,685) million.
- Sales grew 15 percent to EUR 2,753 (2,395) million.
- Operating profit excluding restructuring costs was EUR 178.6 (77.8) million, representing 6.5 (3.2) percent of sales.
- Operating profit was EUR 168.1 (63.6) million, representing 6.1 (2.7) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 227.3 (120.3) million.
- Net income for the period amounted to EUR 107.4 (31.4) million.
- Earnings per share was EUR 1.67 (0.48).

Outlook for 2015 unchanged

Cargotec's 2015 sales are expected to grow from 2014. Operating profit excluding restructuring costs for 2015 is expected to improve from 2014.

Cargotec's key figures

MEUR	**7-9/2015**	7-9/2014	Change	**1-9/2015**	1-9/2014	Change	2014
Orders received	**907**	829	9%	**2,733**	2,685	2%	3,599
Order book, end of period	**2,233**	2,327	-4%	**2,233**	2,327	-4%	2,200
Sales	**928**	840	10%	**2,753**	2,395	15%	3,358
Operating profit*	**68.3**	48.4	41%	**178.6**	77.8	130%	149.3
Operating profit, %*	**7.4**	5.8		**6.5**	3.2		4.4
Operating profit	**61.9**	45.8	35%	**168.1**	63.6	164%	126.6
Operating profit, %	**6.7**	5.4		**6.1**	2.7		3.8
Income before taxes	**55.4**	39.3		**149.2**	44.7		98.2
Cash flow from operations	**74.5**	63.4		**227.3**	120.3		204.3
Net income for the period	**43.6**	27.8		**107.4**	31.4		72.0
Earnings per share, EUR	**0.67**	0.43		**1.67**	0.48		1.11
Net debt, end of period	**678**	835		**678**	835		719
Gearing, %	**52.5**	68.3		**52.5**	68.3		59.2
Personnel, end of period	**10,876**	10,829		**10,876**	10,829		10,703

*excluding restructuring costs

Cargotec's President and CEO Mika Vehviläinen:

Market activity in container handling and truck-related load handling solutions continued to be healthy in the third quarter. Our investments in new products and operational development were highlighted in several major orders received during the quarter. Demand was strong in the United States and Europe. For MacGregor, the challenging market situation in merchant shipping and offshore continued, resulting in low order volumes. Overall Cargotec's orders and sales developed favourably during the quarter. Profitability continued to improve in Kalmar and Hiab. During the quarter, to improve profitability MacGregor announced new restructuring measures in addition to the already on-going programmes.

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 2:00 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 at 2:00 p.m. EEST.

The telephone conference, during which questions may be presented, can be accessed using the following numbers with access code Cargotec/8025749:
FI: +358 9 2310 1618
SE: +46 8 5065 3931
UK: +44 20 3427 1922
US: +1 646 254 3370

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 23 October 2015 in the following numbers: US callers +1 347 366 9565, non-US callers +44 20 3427 0598, access code 8025749.

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Cargotec shapes the cargo handling industry for the benefit of its customers and shareholders. Cargotec's business areas MacGregor, Kalmar and Hiab are recognised leaders in cargo and load handling solutions around the world. Their global network is positioned close to customers and offers extensive services that ensure a continuous, reliable and sustainable performance according to customers' needs. Cargotec's sales in 2014 totalled approximately EUR 3.4 billion and it employs approximately 11,000 people. Cargotec's class B shares are quoted on NASDAQ OMX Helsinki Ltd under symbol CGCBV. www.cargotec.com

Cargotec's January–September 2015 interim report

Operating environment

The market for marine cargo handling equipment was weak. However, demand for marine cargo handling equipment for large container ships improved during the third quarter. Demand for cargo handling solutions for bulk carriers was low. Reduced investments of oil companies was reflected in low demand for MacGregor's offshore load handling solutions. Demand for services was stable.

The number of containers handled at ports globally is anticipated to grow in 2015, even if the slowdown in Chinese economy is expected to hamper the growth during the remainder of the year. Nevertheless, demand for container handling equipment is supported by significantly bigger ship sizes than earlier, as well as customers' replacement investments. During the third quarter, demand for container handling equipment and services was active. Customer interest in port automation solutions remained healthy. In the United States, the economic growth was reflected in strong demand for equipment supplied to distribution centres and heavy material handling customers.

A strong market for load handling equipment in the US was particularly visible in demand for truck-mounted forklifts and tail lifts. In Europe, the market situation varied significantly between countries. Demand for services was healthy.

Financial performance

Orders received and order book

Orders received during the third quarter increased nine percent from the comparison period and totalled EUR 907 (829) million. Compared to the comparison period, currency rate changes had a six percentage point positive impact on orders received. Orders received grew in Kalmar and Hiab, but decreased in MacGregor. Service orders grew five percent from the comparison period and totalled EUR 226 (215) million.

Orders received for January–September increased two percent from the comparison period and totalled EUR 2,733 (2,685) million. Compared to the comparison period, currency rate changes had a six percentage point positive impact on orders received. Service orders grew five percent from the comparison period and totalled EUR 665 (635) million. Of the January–September orders, 24 percent were received by MacGregor, 50 percent by Kalmar, and 26 percent by Hiab. In geographical terms, the share of orders received increased to 31 (24) percent in the Americas and decreased to 29 (35) percent in Asia-Pacific. EMEA's share of all orders was 40 (41) percent.

The order book grew one percent from the 2014 year-end level, and at the end of the third quarter it totalled EUR 2,233 (31 Dec 2014: 2,200) million. MacGregor's order book totalled EUR 984 (1,131) million, representing 44 (51) percent, Kalmar's EUR 949 (805) million, or 43 (37) percent, and that of Hiab EUR 300 (264) million, or 13 (12) percent of the consolidated order book.

Orders received by reporting segment

MEUR	**7-9/2015**	7-9/2014	Change	**1-9/2015**	1-9/2014	Change	2014
MacGregor	**200**	253	-21%	**648**	906	-28%	1,210
Kalmar	**463**	380	22%	**1,369**	1,104	24%	1,482
Hiab	**239**	197	21%	**717**	676	6%	909
Internal orders	**4**	0		**-1**	-1		-1
Total	**907**	829	9%	**2,733**	2,685	2%	3,599

Orders received by geographical area

MEUR	**7-9/2015**	7-9/2014	Change	**1-9/2015**	1-9/2014	Change	2014
EMEA	**336**	310	9%	**1,098**	1,098	0%	1,524
Asia-Pacific	**273**	306	-11%	**796**	939	-15%	1,195
Americas	**298**	213	40%	**839**	648	30%	880
Total	**907**	829	9%	**2,733**	2,685	2%	3,599

Sales

Third-quarter sales grew 10 percent from the comparison period, to EUR 928 (840) million. Compared to the comparison period, currency rate changes had a seven percentage point positive impact on sales. Sales grew in all business areas. In geographic terms, sales grew in EMEA and Asia-Pacific. Sales declined in the Americas due to the weakening of MacGregor's offshore market as well as initiated restructuring measures. Sales in services grew nine percent from the comparison period and totalled EUR 216 (198) million, representing 23 (24) percent of consolidated sales.

January–September sales grew 15 percent from the comparison period and totalled EUR 2,753 (2,395) million. Compared to the comparison period, currency rate changes had an eight percentage point positive impact on sales. Sales in services amounted to EUR 653 (594) million, representing 24 (25) percent of sales. Sales grew in all geographical areas. EMEA's share of consolidated sales declined to 39 (42) percent, whereas that of Asia-Pacific grew to 33 (30) percent. Americas' shares remained unchanged at 28 (28) percent. Services sales grew in all geographic areas.

Sales by reporting segment

MEUR	**7-9/2015**	7-9/2014	Change	**1-9/2015**	1-9/2014	Change	2014
MacGregor	**289**	255	13%	**879**	733	20%	1,034
Kalmar	**409**	385	6%	**1,195**	1,034	16%	1,487
Hiab	**229**	200	14%	**679**	629	8%	840
Internal sales	**0**	-1		**-1**	-2		-3
Total	**928**	840	10%	**2,753**	2,395	15%	3,358

Sales by geographical area

MEUR	**7-9/2015**	7-9/2014	Change	**1-9/2015**	1-9/2014	Change	2014
EMEA	**351**	293	20%	**1,069**	1,011	6%	1,437
Asia-Pacific	**315**	261	21%	**902**	709	27%	1,013
Americas	**262**	286	-8%	**781**	675	16%	908
Total	**928**	840	10%	**2,753**	2,395	15%	3,358

Financial result

Operating profit for the third quarter clearly improved from the comparison period, totalling EUR 61.9 (45.8) million. Hiab's profitability was strong, with the operating profit margin exceeding 10 percent as in the second quarter. Kalmar's operating profit margin further improved. MacGregor's operating profit margin was at the level of the previous quarters of the year, with deliveries weighted towards low margin bulk ships and offshore vessels. Operating profit includes EUR 6.4 (2.7) million in restructuring costs. EUR 5.2 (0.4) million of the restructuring costs were related to MacGregor, EUR 0.6 (0.0) million to Kalmar, EUR 0.5 (2.3) million to Hiab. In MacGregor, restructuring costs were related to adjustments to the challenging market situation.

Operating profit for the third quarter, excluding restructuring costs, was EUR 68.3 (48.4) million, representing 7.4 (5.8) percent of sales. Excluding restructuring costs, operating profit for MacGregor amounted to EUR 12.5 (7.3) million, Kalmar EUR 36.1 (30.7) million, and Hiab EUR 25.3 (14.2) million.

Operating profit for January–September clearly improved from the comparison period, totalling EUR 168.1 (63.6) million. The comparison period included EUR 51 million in project cost overruns in Kalmar. Kalmar's and Hiab's operating profit improved as a result of profit improvement measures undertaken during the past two years. Operating profit includes EUR 10.5 (14.2) million in restructuring costs. EUR 7.9 (0.4) million of the restructuring costs are related to MacGregor, EUR 1.4 (0.8) million to Kalmar, EUR 1.2 (12.6) million to Hiab, and EUR 0.0 (0.4) million to corporate administration and support functions.

Operating profit for January–September excluding restructuring costs totalled EUR 178.6 (77.8) million, representing 6.5 (3.2) percent of sales. Excluding restructuring costs, operating profit for MacGregor amounted to EUR 37.3 (29.9) million, Kalmar EUR 94.0 (22.5) million, and Hiab EUR 69.8 (43.2) million.

Net interest expenses for interest-bearing debt and assets for the third quarter totalled EUR 5.4 (8.6) million. Net financing expenses totalled EUR 6.5 (6.4) million. Net interest expenses for interest-bearing debt and asset for January–September totalled EUR 15.8 (21.4) million and net financing expenses EUR 18.9 (18.9) million.

Net income for the third quarter totalled EUR 43.6 (27.8) million, and earnings per share EUR 0.67 (0.43). Net income for January–September totalled EUR 107.4 (31.4) million, and earnings per share EUR 1.67 (0.48).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 3,624 (31 Dec 2014: 3,652) million at the end of the third quarter. Equity attributable to equity holders was EUR 1,289 (1,209) million, representing EUR 19.96 (18.76) per share. Property, plant and equipment on the balance sheet was EUR 304 (303) million and intangible assets were EUR 1,238 (1,247) million.

Return on equity (ROE, annualised) in January–September increased to 11.4 (3.4) percent, and return on capital employed (ROCE, annualised) increased to 10.3 (4.1) percent.

Cash flow from operating activities for the January–September, before financial items and taxes, totalled EUR 227.3 (120.3) million. Net working capital decreased during the reporting period, from EUR 186 million at the end of 2014 to EUR 182 million.

Cargotec's liquidity position is healthy. At the end of the third quarter, interest-bearing net debt totalled EUR 678 (31 Dec 2014: 719) million. Interest-bearing debt amounted to EUR 866 (932) million, of which EUR 130 (193) million was current and EUR 735 (739) million non-current debt. On 30 September 2015, the average interest rate on the loan portfolio was 2.2 (3.0) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 187 (31 Dec 2014: 213) million.

In May, in order to further strengthen its liquidity and financial position and to take advantage of loan market conditions, Cargotec refinanced its EUR 200 million bank loans originally maturing in 2016. Of these new loans, EUR 150 million will mature in 2018 and EUR 50 million in 2019.

At the end of the third quarter, Cargotec's total equity/total assets ratio was 38.2 (31 Dec 2014: 35.9) percent. Gearing decreased from its 2014 year-end level of 59.2 percent to 52.5 percent due to positive operative cash flow during the period.

Corporate topics

Research and development

Research and product development expenditure in January–September totalled EUR 57.1 (49.6) million, representing 2.1 (2.1) percent of sales. EUR 2.1 million was capitalised. Research and product development investments were focused on projects that aim to improve the competitiveness and cost efficiency of products.

MacGregor

During the third quarter, the installation of the Floating Production Storage Offload (FPSO) unit ‘Goliat’ was completed in the Barents Sea. The unit uses an innovative Pusnes mooring system developed in close cooperation with the client to ensure reliable operation in extreme conditions over the 30 years lifetime.

During the reporting period, MacGregor has introduced a semi-electric offshore knuckle boom crane and an electrically driven active heave-compensated (AHC) option for anchor handling winches. MacGregor has also established a new cross-divisional technology, sourcing and QEHS (quality, environment, health & safety) function to ensure a stronger focus on R&D collaboration within divisions in product development. The first joint project started during the first quarter.

Kalmar

During the third quarter, Kalmar launched a new terminal tractor for the European market, with benefits such as enhanced driver safety and efficiency, reduced lifetime cost of ownership, as well as modular construction ensuring manufacturing flexibility.

Earlier during the year, Kalmar and Navis introduced Kalmar OneTerminal, the industry's first integrated offering for automated container terminals consisting of software, equipment and services and offering three initial terminal concepts. In response to market needs, Kalmar OneTerminal makes automation accessible and mitigates the risks involved. A OneTerminal project covers the automation of container handling equipment, Kalmar terminal logistics system (TLS), Navis terminal operating system, and project services.

In addition, Kalmar has presented its next-generation automatic stacking crane (ASC) system, at the heart of which is the new 5th generation ASC. Customers reap the value of the automation investment sooner, as the system is fully tested and pre-integrated before groundwork begins at the site. Kalmar also launched Kalmar K-Motion technology for its reachstackers, an innovative drive train system with efficient transmission technologies – hydrostatic and mechanical – in combination with smart programming. This is an efficient way to achieve savings, increase productivity and gain fuel and emissions reductions of up to 40 percent.

At the beginning of the year, Kalmar introduced new heavy forklift trucks in the 18–33 tonne capacity range, as well as a new reachstacker for empty container handling.

Hiab

During the third quarter Hiab presented to the North American market the first of its new long boom cranes, specifically designed for the drywall and building materials industry. With a greater lifting capacity than its predecessors, this new L-series crane increases and enhances delivery capabilities. The cranes can be equipped with the Hiab HiPro control system, which offers added safety and performance.

During the year Hiab introduced a new forestry crane and a new-generation Hi-Cab cabin. The forestry crane's high lift/weight ratio for a higher payload ensures that the customer can move more timber. The Hi-Cab cabin has panoramic windows that offer five times more window than wall surface: this is part of increased overall safety. Hiab also launched the new HIAB Z-series loader cranes that can be folded into a Z position and parked behind the drivers cab with tools still attached. This attribute is unique in the market and helps when speed, efficiency and a high number of load cycles are required. Additionally, Hiab presented a new-generation skiploader, the MULTILIFT Futura. The new skiploader has over 100 smart and safe innovations, for example the steel construction enables a 300–500 kg higher payload. Hiab also launched its 12 T-series light range loader cranes featuring hybrid technology. The cranes are designed for easy mounting on pickups and light trucks. Their hybrid operating system is environmentally friendly, since it saves fuel due to the batteries being charged while the engine is running. Feedback from the market has been positive and the order intake has begun well.

At the beginning of the year, Hiab presented a new loader crane for the heavy range segment. This highly productive and reliable solution for heavy duty load handling has a lift capacity of 80 tm and an outreach of 34.5 m in the horizontal plane. A completely new 750 kg ultra-light weight cantilever tail lift for the important 3.5 t transport vehicle segment was also launched during the first part of the year. It has rapid operation for competitive frequent usage, stability for a safe working environment, and it offers a substantially reduced installation time onto the vehicle.

Capital expenditure

Capital expenditure in January–September, excluding acquisitions and customer financing, totalled EUR 26.1 (26.9) million. Investments in customer financing were EUR 34.8 (34.5) million. Depreciation, amortisation and impairment amounted to EUR 61.9 (60.5) million.

During the second quarter, Kalmar decided to invest around three million euros in a new port automation testing and development platform at its Technology and Competence Centre in Tampere, Finland. The platform will primarily be used for testing in customer projects and new product releases. The investment includes all modules required to run an automated container yard operation, including a total automation system, a new automatic stacking crane (ASC) and the R&D work required for deployment. The testing platform is expected to be fully operational in early 2016.

Personnel

Cargotec employed 10,876 (31 Dec 2014: 10,703) people at the end of the third quarter. MacGregor employed 2,643 (2,737) people, Kalmar 5,304 (5,219), Hiab 2,727 (2,572) and corporate administration and support functions 202 (176). The average number of employees in January–September was 10,734 (10,855).

At the end of the third quarter, 12 (31 Dec 2014: 13) percent of the employees were located in Sweden, 8 (8) percent in Finland and 38 (37) percent in the rest of Europe. Asia-Pacific personnel represented 25 (25) percent, North and South American 14 (14) percent, and the rest of the world 2 (2) percent of total employees.

In August, MacGregor announced plans to reduce its workforce in Uetersen, Germany, to restructure the operations to the weak market demand. Planned capacity adjustment measures are estimated to have an impact on approximately 100 employees by the end of 2015. The target is to reach annual savings of EUR 7 million as of 2016, and the initiated measures are estimated to create restructuring costs of EUR 5 million in 2015. In relation to these measures, EUR 3.4 million in restructuring costs were booked in the third quarter. In addition, during the third quarter, MacGregor initiated several smaller restructuring measures globally in its units mainly due to low demand in the offshore segment.

Savings measures announced in April in MacGregor have been completed. As a result, some 200 employees are reduced globally. The target is to achieve annual savings of EUR 20 million. In relation to these measures, EUR 4.5 million in restructuring costs have been booked, of which EUR 1.8 million in the third quarter.

Executive Board

In May, Cargotec appointed Michel van Roozendaal President of the MacGregor business area as of August 2015. As of August, Cargotec's Executive Board includes President and CEO Mika Vehviläinen; Executive Vice President and CFO Eeva Sipilä; Senior Vice President, Human Resources, Mikko Pelkonen; Senior Vice President, Strategy, Mikael Laine; and business area presidents Michel van Roozendaal (MacGregor), Olli Isotalo (Kalmar) and Roland Sundén (Hiab). Senior Vice President, General Counsel Outi Aaltonen acts as Secretary to the Executive Board.

Profit improvement programmes

By the end of the second quarter, Kalmar and Hiab completed the profit improvement programmes begun in 2013 ahead of schedule. According to the initial schedule, the programmes were to be completed by the end of 2015. Although efficiency improvement in the business areas continues, the focus is shifting towards profitable growth.

Reporting segments

MacGregor

MEUR	**7-9/2015**	7-9/2014	Change	**1-9/2015**	1-9/2014	Change	2014
Orders received	**200**	253	-21%	**648**	906	-28%	1,210
Order book, end of period	**984**	1,199	-18%	**984**	1,199	-18%	1,131
Sales	**289**	255	13%	**879**	733	20%	1,034
Sales of services	**56**	56		**174**	162		224
% sales	**19**	22		**20**	22		22
Operating profit	**7.3**	7.0		**29.4**	29.6		51.7
% sales	**2.5**	2.7		**3.3**	4.0		5.0
Operating profit*	**12.5**	7.3		**37.3**	29.9		53.9
% sales*	**4.3**	2.9		**4.2**	4.1		5.2
Personnel, end of period	**2,643**	2,721		**2,643**	2,721		2,737

*excluding restructuring costs

MacGregor's orders for the third quarter declined 21 percent from the comparison period and amounted to EUR 200 (253) million. More than two-thirds of the orders received were related to merchant ships and less than one-third were offshore vessel-related.

Major orders received by MacGregor in the third quarter were:

- USD 21 million order for optimised cargo handling systems for five container vessels from South Korea,
- comprehensive RoRo equipment packages for five pure car/truck carriers to China, as well as
- design and delivery of key components and the fabrication of steel structures for the hatch covers for six container vessels to Japan.

MacGregor's orders for January–September declined 28 percent and totalled EUR 648 (906) million. The order book decreased 13 percent from the 2014 year-end, totalling EUR 984 (31 Dec 2014: 1,131) million at the end of the third quarter. Two thirds of the order book is merchant ship-related and one third is offshore vessel-related.

MacGregor's third-quarter sales grew 13 percent from the comparison period, totalling EUR 289 (255) million. The share of services sales was 19 (22) percent, or EUR 56 (56) million. January–September sales grew 20 percent from the comparison period to EUR 879 (733) million. Sales for services totalled EUR 174 (162) million, representing 20 (22) percent of sales.

MacGregor's operating profit for the third quarter totalled EUR 7.3 (7.0) million. Operating profit includes EUR 5.2 (0.4) million in restructuring costs and EUR 2.5 (2.7) million in amortisation and depreciation of fixed assets related to business acquisitions. Restructuring costs were related to adjustments to the challenging market situation. Operating profit, excluding restructuring costs, totalled EUR 12.5 (7.3) million, representing 4.3 (2.9) percent of sales. Operating profit margin was at the level of the previous quarters of the year, with deliveries weighted towards low margin bulk ships and offshore vessels.

January–September operating profit amounted to EUR 29.4 (29.6) million. Operating profit includes EUR 7.9 (0.4) million in restructuring costs and EUR 7.5 (7.2) million in amortisation and depreciation of fixed assets related to business acquisitions. Operating profit, excluding restructuring costs, totalled EUR 37.3 (29.9) million, representing 4.2 (4.1) percent of sales.

Kalmar

MEUR	**7-9/2015**	7-9/2014	Change	**1-9/2015**	1-9/2014	Change	2014
Orders received	**463**	380	22%	**1,369**	1,104	24%	1,482
Order book, end of period	**949**	883	7%	**949**	883	7%	805
Sales	**409**	385	6%	**1,195**	1,034	16%	1,487
Sales of services	**106**	93		**317**	285		395
% sales	**26**	24		**27**	28		27
Operating profit	**35.5**	30.7		**92.6**	21.7		55.3
% sales	**8.7**	8.0		**7.7**	2.1		3.7
Operating profit*	**36.1**	30.7		**94.0**	22.5		56.8
% sales*	**8.8**	8.0		**7.9**	2.2		3.8
Personnel, end of period	**5,304**	5,253		**5,304**	5,253		5,219

*excluding restructuring costs

In the third quarter, orders received by Kalmar grew 22 percent from the comparison period and totalled EUR 463 (380) million. Orders received included several major orders.

Major orders received by Kalmar in the third quarter were:
- 23 rubber-tyred gantry (RTG) cranes and 79 terminal tractors to Colombia,
- a further eight automatic stacking cranes and related automation to a new terminal under implementation in Australia, as well as
- upgrading of eight ship-to-shore cranes in Spain.

Orders received in January–September increased 24 percent from comparison period, and were EUR 1,369 (1,104) million. Kalmar's order book grew 18 percent from the 2014 year-end, and at the end of the third quarter it totalled EUR 949 (31 Dec 2014: 805) million.

Kalmar's third-quarter sales grew six percent from the comparison period and totalled EUR 409 (385) million. Sales for services grew 14 percent from the comparison period and amounted to EUR 106 (93) million, representing 26 (24) percent of sales. January–September sales grew 16 percent from the comparison period to EUR 1,195 (1,034) million. Sales for services grew to EUR 317 (285) million, or 27 (28) percent of sales.

Kalmar's third-quarter operating profit improved from the comparison period and totalled EUR 35.5 (30.7) million. Operating profit includes EUR 0.6 (0.0) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 36.1 (30.7) million, representing 8.8 (8.0) percent of sales.

Operating profit for January–September clearly improved from the comparison period and totalled EUR 92.6 (21.7) million. The comparison period included EUR 51 million in project cost overruns. Operating profit includes EUR 1.4 (0.8) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 94.0 (22.5) million, representing 7.9 (2.2) percent of sales.

The improvement in profitability resulted from successful execution of the measures undertaken to improve profitability.

Hiab

MEUR	**7-9/2015**	7-9/2014	Change	**1-9/2015**	1-9/2014	Change	2014
Orders received	**239**	197	21%	**717**	676	6%	909
Order book, end of period	**300**	245	23%	**300**	245	23%	264
Sales	**229**	200	14%	**679**	629	8%	840
Sales of services	**55**	49		**162**	147		196
% sales	**24**	25		**24**	23		23
Operating profit	**24.8**	12.0		**68.6**	30.6		42.5
% sales	**10.8**	6.0		**10.1**	4.9		5.1
Operating profit*	**25.3**	14.2		**69.8**	43.2		61.0
% sales*	**11.0**	7.1		**10.3**	6.9		7.3
Personnel, end of period	**2,727**	2,684		**2,727**	2,684		2,572

*excluding restructuring costs

Hiab's orders received for the third quarter increased 21 percent from the comparison period and totalled EUR 239 (197) million. During the quarter, Hiab received an order for over 1,200 loader cranes from India, and an order for 60 truck-mounted forklifts from the USA. Otherwise, orders consisted of small, individual orders typical of the business. In January–September, orders received increased six percent from the comparison period and totalled EUR 717 (676) million. The order book grew 14 percent from 2014 year-end, totalling EUR 300 (31 Dec 2014: 264) million at the end of the third quarter.

Hiab's third-quarter sales grew 14 percent from the comparison period and totalled EUR 229 (200) million. Sales for services amounted to EUR 55 (49) million, representing 24 (25) percent of sales. January–September sales grew eight percent from the comparison period and amounted to EUR 679 (629) million. Sales for services totalled EUR 162 (147) million, or 24 (23) percent of sales.

Operating profit for Hiab in the third quarter doubled from the comparison period and totalled EUR 24.8 (12.0) million. Operating profit includes EUR 0.5 (2.3) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 25.3 (14.2) million, representing 11.0 (7.1) percent of sales.

Operating profit for January–September doubled from the comparison period to EUR 68.6 (30.6) million as a result of measures taken to improve efficiency. Operating profit includes EUR 1.2 (12.6) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 69.8 (43.2), representing 10.3 (6.9) percent of sales. The continuous improvement of profitability over several quarters is the result of determined execution of measures undertaken to improve profitability.

Annual General Meeting and shares

Decisions taken at Cargotec Corporation's Annual General Meeting

Cargotec Corporation's Annual General Meeting (AGM), held on 18 March 2015, approved the 2014 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 2014. The Annual General Meeting approved a dividend of EUR 0.54 be paid for each of class A shares and a dividend of EUR 0.55 be paid for each of class B shares. The dividend payment date was 27 March 2015.

The Annual General Meeting authorised the Board of Directors to decide on the repurchase of own shares with non-restricted equity. Altogether no more than 952,000 class A shares and 5,448,000 class B shares may be purchased. The authorisation shall remain in effect for a period of 18 months from the resolution by the Annual General Meeting. More detailed information on the authorisation was published in a stock exchange release on the day of the AGM, 18 March 2015.

The number of ordinary members of the Board of Directors was confirmed at seven. Jorma Eloranta, Tapio Hakakari, Ilkka Herlin, Peter Immonen, Antti Lagerroos, Teuvo Salminen and Anja Silvennoinen were re-elected to the Board of Directors. The meeting decided to keep the yearly remuneration for the Board of Directors unchanged as follows: a yearly remuneration of EUR 80,000 will be paid to the Chairman of the Board, EUR 55,000 to the Vice Chairman, EUR 55,000 to the Chairman of the Audit and Risk Management Committee, and EUR 40,000 to the other Board members. In addition, it was decided that members receive EUR 1,000 for attendance at board and committee meetings. The meeting decided that 30 percent of the yearly remuneration will be paid in Cargotec's class B shares and the rest in cash.

The Annual General Meeting elected authorised public accountants Tomi Hyryläinen and PricewaterhouseCoopers Ltd as auditors. The auditors' fees were decided to be paid according to invoice approved by the company.

Organisation of the Board of Directors

On 18 March 2015, the Board of Directors elected Ilkka Herlin to continue as Chairman of the Board. Tapio Hakakari was elected to continue as Vice Chairman. Outi Aaltonen, Senior Vice President, General Counsel, continues as Secretary to the Board.

Ilkka Herlin, Teuvo Salminen (chairman) and Anja Silvennoinen were elected as members of the Audit and Risk Management Committee. Jorma Eloranta, Tapio Hakakari, Ilkka Herlin (chairman) and Peter Immonen were elected to the Nomination and Compensation Committee.

The Board of Directors decided to continue the practice that the members are to keep the Cargotec shares they have obtained in remuneration under their ownership for at least two years from the day they obtained them. The shares will be purchased at market price on a quarterly basis.

Shares and trading

Share capital, own shares and share issue

Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of September. The number of class B shares was 55,164,663, while the number of class A shares totalled 9,526,089. During the third quarter, the number of class B shares increased by 320 as a result of the subscription for shares under 2010B option rights. The entire subscription price of EUR 9,132.80 was credited to the reserve for invested non-restricted equity, meaning that Cargotec's share capital remained unchanged.

In September, Cargotec repurchased a total of 92,700 of its own class B shares based on the authorisation of the AGM on 18 March 2015 for a total cost of EUR 2,409,009.00. Shares were repurchased to be used as reward payments for the share-based incentive programme 2014 and for restricted share grants 2015 and 2016. Payments and grants will be realised as per their respective terms and conditions, starting on 1 March 2016 at the earliest.

On 19 March 2015, Cargotec repurchased 28,030 of its own class B shares based on the authorisation of the AGM on 18 March 2015 for a total cost of EUR 940,317.78. Shares were repurchased for the share-based incentive programme 2014. Based on the authorisation granted by the AGM, the Board decided on 18 March 2015 on a directed share issue as a reward payment for the restricted shares under this share-based incentive programme. These shares were transferred without consideration to those employees participating in the restricted shares programme who fulfilled the earnings criteria. Following the share transfer, Cargotec does not hold any own shares.

At the end of the third quarter, Cargotec held a total of 92,700 own class B shares, accounting for 0.14 percent of the total number of shares, and the number of outstanding class B shares totalled 55,071,963.

Share-based incentive programmes

In February 2015, the Board of Directors approved a new long-term incentive programme for key personnel of Cargotec for 2015–2018. The purpose of the programme is to increase Cargotec's profitability, efficient use of capital and shareholder value in the long term by attracting and retaining the required talent. The number of participants will be approximately 85 persons, including Cargotec's President and CEO and members of the Executive Board.

This programme consists of two phases. The first phase includes specific financial performance targets for the year 2015 (business area or corporate return on capital employed, ROCE). The second phase consists of an additional earnings multiplier, which is based on Cargotec's total shareholder return (TSR) at the end of a three-year performance period in 2017. The second phase serves to align the interests to that of the shareholders as well as retention. Eligible participants need to be employed by Cargotec at the beginning of 2018.

The potential reward will be delivered in Cargotec class B shares at the beginning of 2018. If the performance was on target for the maximum number of participants, the cost of the programme for the three-year period would be approximately EUR 6.5 million (for maximum performance approximately EUR 19 million). If the financial performance threshold levels are not met, there will not be any incentive payment.

No new shares will be issued in connection with the above programme and, therefore, the programme will have no diluting effect.

Recognition of the programme began in the second quarter of 2015.

Option programme

The 2010 AGM confirmed the issue of stock options for key personnel at Cargotec and its subsidiaries. The programme includes 2010A, 2010B and 2010C stock options, with 400,000 stock options in each series and each stock option entitling its holder to subscribe for one (1) new class B share in Cargotec. For share subscription to commence, the required attainment of targets is determined by the Board of Directors. A total of 378,864 2010B stock options and 400,000 2010C stock options held by the company were cancelled, as the earnings criteria for the stock options were not fulfilled. 2010A and 2010B stock options are listed on the main list of NASDAQ OMX Helsinki Ltd.

The share subscription period with 2010A stock options ended on 30 April 2015. During the subscription period, a total of 384,912 class B shares were subscribed for. After the end of the share subscription period, the unused 2010A stock options were null and void.

The share subscription period for 2010B stock options is from 1 April 2014 to 30 April 2016. The share subscription price at the end of September 2015 was EUR 28.54 per share, and the number of 2010B stock options was 20,176.

Market capitalisation and trading

At the end of September, the total market value of class B shares was EUR 1,348 (1,453) million. 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 1,581 (1,706) million.

The class B share closed at EUR 24.44 (26.47) on the last trading day of September on NASDAQ OMX Helsinki Ltd. The volume-weighted average share price for January–September was EUR 31.58 (29.36), the highest quotation being EUR 37.37 (34.67) and the lowest EUR 23.70 (25.46). In January–September, a total of 45 (36) million class B shares were traded on NASDAQ OMX Helsinki Ltd., corresponding to a turnover of EUR 1,415 (1,067) million. In addition, according to Fidessa, a total of 42 (46) million class B shares were traded in several alternative market places, such as BATS Chi-X CXE and Turquoise, corresponding to a turnover of EUR 1,349 (1,374) million.

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. Uncertainty related to economic developments is estimated to continue. Such uncertainty may be increased by risks stemming from political uncertainty, volatility on the currency and raw material markets, or from the financing sector. Greater difficulty in obtaining financing would weaken customers' liquidity and investments.

MacGregor's market situation in particular involves a range of uncertainties. It is anticipated that the oversupply in the merchant ship market will take longer to balance out than expected, since capacity will continue to increase in 2015 – especially in bulk carriers – while demand is expected to grow very moderately. At the same time, the fall in investments by oil companies has led to oversupply in the offshore market. Uncertainty about the short and long-term balance between demand for and the supply of oil complicates demand forecasting for MacGregor offshore solutions. The concurrent deterioration in both markets negatively impacts on the financial situation of shipyards. The long lead times typical of MacGregor's business mean that weaker order intake will be reflected in deliveries with a delay. However, in the challenging market situation, customers may try to postpone or cancel orders.

More information on risks is available in the annual report under Risk management.

Outlook for 2015

Cargotec's 2015 sales are expected to grow from 2014. Operating profit excluding restructuring costs for 2015 is expected to improve from 2014.

Financial calendar 2016

Financial statements review 2015 will be published on Wednesday, 10 February 2016
Financial statements and annual report 2016 will be published on week 7 at www.cargotec.com
Annual General Meeting 2016 will be held on Tuesday, 22 March 2016
January–March 2016 interim report will be published on Friday, 29 April 2016
January–June 2016 interim report will be published on Wednesday, 20 July 2016
January–September 2016 interim report will be published on Tuesday, 25 October 2016

Helsinki, 21 October 2015
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Consolidated statement of income

MEUR	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
Sales	**927.8**	**839.9**	**2,752.7**	**2,394.6**	**3,357.8**
Cost of goods sold	-730.9	-679.0	-2,173.1	-1,958.5	-2,723.3
Gross profit	**196.9**	**160.9**	**579.7**	**436.1**	**634.5**
Gross profit, %	*21.2*	*19.2*	*21.1*	*18.2*	*18.9*
Other operating income	9.8	12.3	29.0	32.5	48.1
Selling and marketing expenses	-48.0	-45.5	-153.7	-139.8	-190.5
Research and development expenses	-20.4	-16.9	-60.5	-49.6	-69.3
Administration expenses	-59.9	-54.9	-189.2	-165.3	-228.4
Restructuring costs	-6.4	-2.7	-10.5	-14.2	-22.7
Other operating expenses	-11.1	-12.1	-29.3	-39.6	-50.5
Costs and expenses	-136.0	-119.6	-414.3	-376.0	-513.2
Share of associated companies' and joint ventures' net income	1.0	4.5	2.7	3.5	5.3
Operating profit	**61.9**	**45.8**	**168.1**	**63.6**	**126.6**
Operating profit, %	6.7	5.4	6.1	2.7	3.8
Financing income and expenses	-6.5	-6.4	-18.9	-18.9	-28.4
Income before taxes	**55.4**	**39.3**	**149.2**	**44.7**	**98.2**
Income before taxes, %	*6.0*	*4.7*	*5.4*	*1.9*	*2.9*
Income taxes	-11.9	-11.5	-41.8	-13.3	-26.1
Net income for the period	**43.6**	**27.8**	**107.4**	**31.4**	**72.0**
Net income for the period, %	*4.7*	*3.3*	*3.9*	*1.3*	*2.1*
Net income for the period attributable to:					
Equity holders of the parent	43.6	27.6	107.5	30.9	71.4
Non-controlling interest	-0.1	0.2	-0.1	0.5	0.6
Total	**43.6**	**27.8**	**107.4**	**31.4**	**72.0**
Earnings per share for profit attributable to the equity holders of the parent:					
Basic earnings per share, EUR	0.67	0.43	1.67	0.48	1.11
Diluted earnings per share, EUR	0.67	0.43	1.67	0.48	1.11

Consolidated statement of comprehensive income

MEUR	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
Net income for the period	43.6	27.8	107.4	31.4	72.0
Items that will not be reclassified to statement of income:					
Defined benefit plan acturial gains (+) / losses (-)	0.3	-0.3	-1.5	-0.9	-10.1
Taxes relating to items that will not be reclassified to statement of income	0.2	-0.1	0.6	0.1	1.8
Total	**0.5**	**-0.4**	**-0.9**	**-0.8**	**-8.3**
Items that may be reclassified subsequently to statement of income:					
Gain (+) / loss (-) on cash flow hedges	2.4	-13.0	-3.4	-24.9	-45.1
Gain (+) / loss (-) on cash flow hedges transferred to statement of income	-9.2	8.8	6.1	9.6	10.4
Translation differences	-42.8	21.1	9.6	-19.2	-54.8
Taxes relating to items that may be reclassified subsequently to statement of income	7.7	-0.6	-8.1	11.6	26.6
Total	**-41.8**	**16.3**	**4.2**	**-22.8**	**-62.9**
Comprehensive income for the period	**2.2**	**43.7**	**110.6**	**7.8**	**0.8**
Comprehensive income for the period attributable to:					
Equity holders of the parent	2.3	43.3	110.7	7.0	0.0
Non-controlling interest	-0.1	0.4	0.0	0.8	0.8
Total	**2.2**	**43.7**	**110.6**	**7.8**	**0.8**

The notes are an integral part of the consolidated interim financial statement.

Consolidated balance sheet

ASSETS, MEUR	30 Sep 2015	30 Sep 2014	31 Dec 2014
Non-current assets			
Goodwill	963.9	979.2	962.9
Other intangible assets	274.0	294.9	284.4
Property, plant and equipment	303.9	323.9	302.9
Investments in associated companies and joint ventures	113.5	102.4	104.8
Available-for-sale investments	3.8	3.8	3.8
Loans receivable and other interest-bearing assets*	2.2	5.1	3.4
Deferred tax assets	186.2	161.3	178.0
Derivative assets	31.8	8.6	15.5
Other non-interest-bearing assets	6.0	6.1	5.8
Total non-current assets	**1,885.3**	**1,885.4**	**1,861.5**
Current assets			
Inventories	720.4	751.5	690.5
Loans receivable and other interest-bearing assets*	4.1	6.5	4.4
Income tax receivables	21.9	69.1	24.5
Derivative assets	18.8	19.6	20.5
Accounts receivable and other non-interest-bearing assets	792.5	777.0	845.4
Cash and cash equivalents*	181.1	183.0	205.4
Total current assets	**1,738.8**	**1,806.6**	**1,790.8**
Total assets	**3,624.1**	**3,692.0**	**3,652.3**

EQUITY AND LIABILITIES, MEUR	30 Sep 2015	30 Sep 2014	31 Dec 2014
Equity attributable to the equity holders of the parent			
Share capital	64.3	64.3	64.3
Share premium account	98.0	98.0	98.0
Translation differences	28.8	52.5	26.7
Fair value reserves	-18.1	-5.8	-20.1
Reserve for invested non-restricted equity	76.1	74.9	74.9
Retained earnings	1,040.1	931.5	965.0
Total equity attributable to the equity holders of the parent	1,289.3	1,215.3	1,208.8
Non-controlling interest	2.5	6.7	5.0
Total equity	**1,291.7**	**1,222.0**	**1,213.8**
Non-current liabilities			
Interest-bearing liabilities*	764.2	785.0	753.2
Deferred tax liabilities	82.5	70.5	77.8
Pension obligations	73.9	64.3	71.6
Provisions	23.0	23.6	24.0
Derivative liabilities	0.0	0.1	0.2
Other non-interest-bearing liabilities	42.2	33.7	34.7
Total non-current liabilities	**985.7**	**977.2**	**961.5**
Current liabilities			
Current portion of interest-bearing liabilities*	6.7	48.7	7.1
Other interest-bearing liabilities*	123.6	204.3	186.1
Provisions	71.5	82.7	80.9
Advances received	241.4	274.1	271.3
Income tax payables	23.8	19.5	12.8
Derivative liabilities	8.1	45.5	64.6
Accounts payable and other non-interest-bearing liabilities	871.5	818.0	854.1
Total current liabilities	**1,346.7**	**1,492.8**	**1,476.9**
Total equity and liabilities	**3,624.1**	**3,692.0**	**3,652.3**

*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 205 million Private Placement bond, totalling on 30 Sep 2015, EUR -28.7 (30 Sep 2014: -8.7 and 31 Dec 2014: -14.6) million.

The notes are an integral part of the consolidated interim financial statement.

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	Reserve for invested non-restricted equity	Retained earnings	Total	Non-controlling interest	Total equity
Equity on 1 Jan 2014	**64.3**	**98.0**	**64.1**	**5.7**	**73.5**	**927.8**	**1,233.3**	**6.2**	**1,239.4**
Net income for the period						30.9	30.9	0.5	31.4
Cash flow hedges				-11.5			-11.5		-11.5
Translation differences			-11.6				-11.6	0.3	-11.3
Defined benefit plan actuarial gains (+) / losses (-)						-0.8	-0.8		-0.8
Comprehensive income for the period*			**-11.6**	**-11.5**		**30.1**	**7.0**	**0.8**	**7.8**
Dividends paid						-26.9	-26.9	-0.1	-27.1
Acquisition of treasury shares					-0.9		-0.9		-0.9
Stock options exercised					2.3		2.3		2.3
Share-based incentives*						0.5	0.5		0.5
Transactions with owners of the company					**1.4**	**-26.4**	**-25.0**	**-0.1**	**-25.1**
Transactions with non-controlling interests							-	0.0	0.0
Equity on 30 Sep 2014	**64.3**	**98.0**	**52.5**	**-5.8**	**74.9**	**931.5**	**1,215.3**	**6.7**	**1,222.0**

*Net of tax

Equity on 1 Jan 2015	**64.3**	**98.0**	**26.7**	**-20.1**	**74.9**	**965.0**	**1,208.8**	**5.0**	**1,213.8**
Net income for the period						107.5	107.5	-0.1	107.4
Cash flow hedges				2.0			2.0		2.0
Translation differences			2.1				2.1	0.1	2.2
Defined benefit plan actuarial gains (+) / losses (-)						-0.9	-0.9		-0.9
Comprehensive income for the period*			**2.1**	**2.0**	**0.0**	**106.6**	**110.7**	**0.0**	**110.7**
Dividends paid						-35.3	-35.3	-0.7	-36.1
Acquisition of treasury shares					-3.4		-3.4		-3.4
Stock options exercised					4.6		4.6		4.6
Share-based incentives*						2.2	2.2		2.2
Transactions with owners of the company					**1.2**	**-33.2**	**-32.0**	**-0.7**	**-32.7**
Transactions with non-controlling interests						1.7	1.7	-1.8	-0.1
Equity on 30 Sep 2015	**64.3**	**98.0**	**28.8**	**-18.1**	**76.1**	**1,040.1**	**1,289.2**	**2.5**	**1 291.7**

*Net of tax

The notes are an integral part of the consolidated interim financial statement.

Consolidated condensed statement of cash flows

MEUR	1–9/2015	1–9/2014	1–12/2014
Net income for the period	107.4	31.4	72.0
Depreciation, amortisation and impairment	61.9	60.5	81.2
Other adjustments	58.0	21.5	42.8
Change in net working capital	-0.1	6.9	8.3
Cash flow from operations	**227.3**	**120.3**	**204.3**
Cash flow from financial items and taxes	-99.1	-113.1	-94.1
Cash flow from operating activities	**128.2**	**7.2**	**110.2**
Acquisitions, net of cash acquired	-4.1	-184.9	-187.3
Divestments, net of cash sold	-	-	4.6
Investments to associated companies and joint ventures	-2.9	-3.4	-3.4
Cash flow from investing activities, other items	-46.8	-45.2	-43.7
Cash flow from investing activities	**-53.9**	**-233.5**	**-229.8**
Stock options exercised	4.6	2.3	2.3
Acquisition of treasury shares	-3.4	-0.9	-0.9
Proceeds from long-term borrowings	180.9	300.0	300.0
Repayments of long-term borrowings	-184.6	-137.1	-230.7
Proceeds from short-term borrowings	210.3	19.7	42.2
Repayments of short-term borrowings	-273.7	-68.5	-70.7
Dividends paid	-36.1	-27.1	-27.6
Cash flow from financing activities	**-102.1**	**88.5**	**14.7**
Change in cash	**-27.8**	**-137.9**	**-104.9**
Cash, cash equivalents and bank overdrafts at the beginning of period	203.4	303.3	303.3
Effect of exchange rate changes	4.5	-3.0	5.0
Cash, cash equivalents and bank overdrafts at the end of period	**180.1**	**162.4**	**203.4**
Bank overdrafts at the end of period	1.0	20.6	2.0
Cash and cash equivalents at the end of period	**181.1**	**183.0**	**205.4**

The notes are an integral part of the consolidated interim financial statement.

Key figures

		1–9/2015	1–9/2014	1–12/2014
Equity / share	EUR	19.96	18.86	18.76
Interest-bearing net debt	MEUR	678.4	834.8	718.6
Total equity / total assets	%	38.2	35.8	35.9
Gearing	%	52.5	68.3	59.2
Return on equity, annualised	%	11.4	3.4	5.9
Return on capital employed, annualised	%	10.3	4.1	6.2

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 2014 and comply with changes in IAS/IFRS standards effective from 1 January 2015. These changes have no material impact on the interim financial statements review. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

3. Segment information

Sales, MEUR	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
MacGregor	289	255	879	733	1,034
Kalmar	409	385	1,195	1,034	1,487
Hiab	229	200	679	629	840
Internal sales	0	-1	-1	-2	-3
Total	**928**	**840**	**2,753**	**2,395**	**3,358**

Sales by geographical area, MEUR	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
EMEA	351	293	1,069	1,011	1,437
Asia-Pacific	315	261	902	709	1,013
Americas	262	286	781	675	908
Total	**928**	**840**	**2,753**	**2,395**	**3,358**

Sales by geographical area, %	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
EMEA	37.8	34.9	38.9	42.2	42.8
Asia-Pacific	33.9	31.0	32.8	29.6	30.2
Americas	28.3	34.1	28.4	28.2	27.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Operating profit, MEUR	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
MacGregor	7.3	7.0	29.4	29.6	51.7
Kalmar	35.5	30.7	92.6	21.7	55.3
Hiab	24.8	12.0	68.6	30.6	42.5
Corporate administration and support functions	-5.6	-3.8	-22.5	-18.3	-22.8
Total	**61.9**	**45.8**	**168.1**	**63.6**	**126.6**

Operating profit, %	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
MacGregor	2.5	2.7	3.3	4.0	5.0
Kalmar	8.7	8.0	7.7	2.1	3.7
Hiab	10.8	6.0	10.1	4.9	5.1
Cargotec	6.7	5.4	6.1	2.7	3.8

Operating profit excl. restructuring costs, MEUR	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
MacGregor	12.5	7.3	37.3	29.9	53.9
Kalmar	36.1	30.7	94.0	22.5	56.8
Hiab	25.3	14.2	69.8	43.2	61.0
Corporate administration and support functions	-5.6	-3.8	-22.5	-17.8	-22.4
Total	**68.3**	**48.4**	**178.6**	**77.8**	**149.3**

Operating profit excl. restructuring costs, %	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
MacGregor	4.3	2.9	4.2	4.1	5.2
Kalmar	8.8	8.0	7.9	2.2	3.8
Hiab	11.0	7.1	10.3	6.9	7.3
Cargotec	7.4	5.8	6.5	3.2	4.4

Orders received, MEUR	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
MacGregor	200	253	648	906	1 210
Kalmar	463	380	1,369	1,104	1,482
Hiab	239	197	717	676	909
Internal orders received	4	0	-1	-1	-1
Total	**907**	**829**	**2,733**	**2,685**	**3,599**

Orders received by geographical area, MEUR	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
EMEA	336	310	1,098	1,098	1,524
Asia-Pacific	273	306	796	939	1,195
Americas	298	213	839	648	880
Total	**907**	**829**	**2,733**	**2,685**	**3,599**

Orders received by geographical area, %	7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
EMEA	37.1	37.4	40.2	40.9	42.4
Asia-Pacific	30.1	36.9	29.1	35.0	33.2
Americas	32.8	25.7	30.7	24.1	24.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Order book, MEUR	30 Sep 2015	30 Sep 2014	31 Dec 2014
MacGregor	984	1,199	1,131
Kalmar	949	883	805
Hiab	300	245	264
Internal order book	-1	0	0
Total	**2,233**	**2,327**	**2,200**

Number of employees at the end of period	30 Sep 2015	30 Sep 2014	31 Dec 2014
MacGregor	2,643	2,721	2,737
Kalmar	5,304	5,253	5,219
Hiab	2,727	2,684	2,572
Corporate administration and support functions	202	171	176
Total	**10,876**	**10,829**	**10,703**

Average number of employees	1–9/2015	1–9/2014	1–12/2014
MacGregor	2,678	2,689	2,702
Kalmar	5,271	5,286	5,273
Hiab	2,593	2,714	2,694
Corporate administration and support functions	192	166	168
Total	**10,734**	**10,855**	**10,838**

4. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	1–9/2015	1–9/2014	1–12/2014
Intangible assets	8.4	10.5	13.4
Property, plant and equipment	52.5	50.9	65.9
Total	**60.9**	**61.4**	**79.3**

Depreciation, amortisation and impairment, MEUR	1–9/2015	1–9/2014	1–12/2014
Intangible assets	21.7	21.2	29.4
Buildings	6.2	6.2	8.8
Machinery & equipment	34.1	33.1	43.0
Total	**61.9**	**60.5**	**81.2**

5. Taxes in statement of income

MEUR	1–9/2015	1–9/2014	1–12/2014
Current year tax expense	51.7	30.3	42.4
Deferred tax expense	-9.1	-16.6	-11.2
Tax expense for previous years	-0.8	-0.4	-5.1
Total	**41.8**	**13.3**	**26.1**

6. Interest-bearing net debt and liquidity

MEUR	30 Sep 2015	30 Sep 2014	31 Dec 2014
Interest-bearing liabilities*	865.8	1029.3	931.8
Loans receivable and other interest-bearing assets	-6.3	-11.6	-7.9
Cash and cash equivalents	-181.1	-183.0	-205.4
Interest-bearing net debt	**678.4**	**834.8**	**718.6**
Equity	1,291.7	1,222.0	1,213.8
Gearing	**52.5 %**	**68.3 %**	**59.2 %**

*The fair values do not materially differ from book values. One exception is the hedging of currency risk relating to the USD 205 million Private Placement bond, which affected the interest-bearing liabilities on 30 Sep 2015 by EUR -28.7 (30 Sep 2014: -8.7 and 31 Dec 2014: -14.6) million.

MEUR	30 Sep 2015	30 Sep 2014	31 Dec 2014
Cash and cash equivalents	181.1	183.0	205.4
Committed long-term undrawn revolving credit facilities	300.0	270.0	300.0
Repayments of interest-bearing liabilities in following 12 months	-130.4	-253.0	-193.2
Total liquidity	**350.8**	**200.0**	**312.3**

7. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Sep 2015	Negative fair value 30 Sep 2015	Net fair value 30 Sep 2015	Net fair value 30 Sep 2014	Net fair value 31 Dec 2014
Currency forward contracts	18.8	8.1	10.7	-26.1	-44.2
Hedge accounting	3.9	0.1	3.7	-20.3	-20.4
Cross-currency and interest rate swaps	31.8	-	31.8	8.6	15.5
Total	**50.5**	**8.1**	**42.5**	**-17.5**	**-28.8**
Non-current portion:					
Currency forward contracts	-	-	-	-0.1	-0.2
Cross-currency and interest rate swaps	31.8	-	31.8	8.6	15.5
Non-current portion	**31.8**	**-**	**31.8**	**8.5**	**15.3**
Current portion	**18.8**	**8.1**	**10.7**	**-26.0**	**-44.1**

Cross-currency and interest rate swaps hedge the US Private Placement corporate bond funded in February 2007. Cash flow hedge accounting is applied for these instruments.

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 2015	30 Sep 2014	31 Dec 2014
Currency forward contracts	3,422.4	3,054.6	3,277.3
Hedge accounting	1,347.2	1,151.1	1,165.0
Cross-currency and interest rate swaps	183.0	162.9	168.8
Total	**3,605.4**	**3,217.5**	**3,446.1**

The derivatives have been recognised at gross fair values on balance sheet, as the netting agreements related to derivatives allow unconditional netting only in the occurrence of credit events, but not in a normal situation. The group has not given or received collateral related to derivatives from the counterparties.

8. Commitments

MEUR	30 Sep 2015	30 Sep 2014	31 Dec 2014
Guarantees	-	0.7	0.7
End customer financing	15.8	15.7	16.4
Operating leases	152.1	150.7	150.6
Other contingent liabilities	5.2	5.7	5.8
Total	**173.0**	**172.8**	**173.5**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 503.0 (30 Sep 2014: 656.4 and 31 Dec 2014: 622.6) 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 2015	30 Sep 2014	31 Dec 2014
Less than 1 year	28.7	23.6	26.0
1-5 years	64.4	59.5	60.7
Over 5 years	61.0	67.7	64.0
Total	**154.1**	**150.7**	**150.6**

The aggregate operating lease expenses totalled EUR 25.5 (1–9/2014: 19.2 and 1–12/2014: 30.8) million.

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.

Key exchange rates for the Euro

Closing rate	30 Sep 2015	30 Sep 2014	31 Dec 2014
SEK	9.408	9.147	9.393
USD	1.120	1.258	1.214

Average rate	1–9/2015	1–9/2014	1–12/2014
SEK	9.366	9.038	9.100
USD	1.122	1.352	1.326

Calculation of key figures

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

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

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

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

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

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

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

*Including cross-currency hedging of the USD 205 million Private Placement corporate bonds.

Quarterly figures

Cargotec		**Q3/2015**	**Q2/2015**	**Q1/2015**	**Q4/2014**	**Q3/2014**
Orders received	MEUR	907	887	939	914	829
Order book	MEUR	2,233	2,342	2,469	2,200	2,327
Sales	MEUR	928	936	889	963	840
Operating profit	MEUR	61.9	54.9	51.3	63.0	45.8
Operating profit	%	6.7	5.9	5.8	6.5	5.4
Operating profit*	MEUR	68.3	58.0	52.3	71.5	48.4
Operating profit*	%	7.4	6.2	5.9	7.4	5.8
Basic earnings/share	EUR	0.67	0.43	0.56	0.63	0.43

MacGregor		**Q3/2015**	**Q2/2015**	**Q1/2015**	**Q4/2014**	**Q3/2014**
Orders received	MEUR	200	220	228	304	253
Order book	MEUR	984	1,104	1,250	1,131	1,199
Sales	MEUR	289	308	282	301	255
Operating profit*	MEUR	12.5	12.5	12.3	24.0	7.3
Operating profit*	%	4.3	4.1	4.4	8.0	2.9

Kalmar		**Q3/2015**	**Q2/2015**	**Q1/2015**	**Q4/2014**	**Q3/2014**
Orders received	MEUR	463	450	455	378	380
Order book	MEUR	949	946	898	805	883
Sales	MEUR	409	391	395	452	385
Operating profit*	MEUR	36.1	28.5	29.4	34.3	30.7
Operating profit*	%	8.8	7.3	7.4	7.6	8.0

Hiab		**Q3/2015**	**Q2/2015**	**Q1/2015**	**Q4/2014**	**Q3/2014**
Orders received	MEUR	239	221	256	232	197
Order book	MEUR	300	297	322	264	245
Sales	MEUR	229	237	212	211	200
Operating profit*	MEUR	25.3	25.4	19.2	17.8	14.2
Operating profit*	%	11.0	10.7	9.0	8.4	7.1

*Operating profit excluding restructuring costs