

# FINAL TRANSCRIPT

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**CGCBV.HE - Q1 2008 Cargotec Corporation Earnings Conference Call**

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Apr. 18. 2008 / 6:00AM, CGCBV.HE - Q1 2008 Cargotec Corporation Earnings Conference Call

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## PRESENTATION

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**Operator**

Good morning and good afternoon, ladies and gentlemen. Welcome to the Cargotec Corporation Q1 review conference call. My name is Wendy, and I'll be your coordinator for this conference. During the presentation you will be on listen-only, however, at the end of the call you will be able to ask any questions. (OPERATOR INSTRUCTIONS). I will now hand you over to Eeva Makela, CFO, to begin today's conference. Thank you.

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**Eeva Makela** - *Cargotec Corporation - CFO*

(Technical difficulty).

**Operator**

Good morning and good afternoon, ladies and gentlemen, and welcome to Cargotec Corporation's Q1 review conference call. My name is Wendy, and I'll be your coordinator for this conference. Throughout the presentation, you will be on listen-only, however, at the end of the call there will be an opportunity to ask any questions. I will now hand you over to your host, Eeva Makela, CFO, to begin today's conference. Thank you.

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**Eeva Makela** - *Cargotec Corporation - CFO*

Okay, ladies and gentlemen, sorry for some technical difficulties here. Welcome to Cargotec's first quarter results conference call.

Cargotec's President and CEO, Mikael Makinen, will start with a presentation. He will be joined by Kalmar President, Pekka Vauramo, towards the end of the presentation. Afterwards, both gentlemen, as well as our Deputy CEO, Kari Heinisto, and myself, will be ready to answer your questions. So [I'd like start with] Mikael, please.

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

So, good afternoon, everybody. I will go through the Q1 interim report. And, as Eeva said, then we'll take some questions and if there are any clarifications needed.

The key issues during Q1 was, of course, going through them one by one, is the orders received grew by 26%; a very good figure in our opinion. It shows that there's still strength in the market. I will come back to that on the next page. EUR1.155b is actually one of our highest quarters ever.

Sales grew by 5%. Is that a good or a bad figure? Come -- I'm coming back to the guidance for the full year. It's a fair growth but, of course, we have guided a higher growth for the year, which we will do as well.

During the first three months you have to remember that there we had Easter in this year, we had a very, very hectic end of last year, so they all always affect the quarters.

Service grew by 9%, also, I consider a good figure. I will come back to that a bit later.

Then, of course, operating profit, irrespective of the -- if we -- we'll take into consideration the 5 -- EUR4m that we had reserved for a project cost provision in Kalmar. It's not a good -- 6.5 -- 6.1%, no, it's not a good figure, although it was in line with what we had predicted. We knew that the first part of the year will be slow, both in terms of sales and in terms of operating profit. I'll come back to that as well.

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First On the Move actions were taken as well during this quarter. First of all, the joint supply chain in China, where we have combined the supply chain of Kalmar and Hiab to get more efficiency out of it.

Number two is in Estonia, in Narva, we have upgraded a factory. Our first initial idea was to do some -- just some small modifications, have it for component. Now, it's a full fledged component factory that we are aiming for.

Number three is that the Finnish Organization, we have decided to move it into one Company. So there will be one Organization only in Finland, and this will then be rolled out to other countries as well. But those are concrete actions that have been taken during Q1.

As I said, order intake continues strong. And I must say that on the hi -- if we start with the Hiab one, of course you have heard many times about U.S. U.S. is still very, very poor on Hiab side.

For the European market, we have seen some weakening, or softening in the Spanish and Italian market. While East -- former East Europe is very strong, the rest of the European markets are very strong.

In container handling, lively; I must say that this is one of the best quarters ever. And what makes me really happy in the container handling is that we have had order intake, some of it has been announced, some of you have seen now in the report, is that we have had 22 RTGs in South Africa, 48 straddle carriers in Europort -- in Eurogate, sorry, in Europe, 17 RTGs in Vietnam, 12 RTGs for Santos in South America, which means that we have got considerable orders on all the Continents.

Why's that good? It shows that the market is still very buoyant worldwide. It also shows that we start to have a good market position in all the Continent -- on all the Continents.

MacGREGOR; we got hatch covers orders for 231 ships in one quarter. That means the number of ships per day. Very, very buoyant market. 276 bulk handling cranes, 12 car carriers were ordered during this period, which means one a week. Big offshore orders, bulk handling equipment. The marine market is still very buoyant.

But I would say that it's extremely lively on all the segments. We don't see any downturn on any of the segments.

Demand for Service; as long as the utilization rate is high we will see good demand for Service. And, of course, Service is less cyclical than the rest of the business. We have got some bigger orders in Service, hatch cover conversions and so on.

All this favorable development led to, once again, a record order book, EUR3.2b. Our order book is now EUR3.2b, gives us a very good base for 2008 and 2009.

You remember I have been talking very much about how we have to grow in Asia and now that starts to bear fruit. The fact that Asia is now bigger than Europe is not because of Asia. It's more because of the downturn in the Hiab business in U.S. But we can be very proud of our achievements in Asia Pacific.

Americas, not too bad on Kalmar side but, as I said many times, very, very weak on Hiab side. And, of course, you have to remember at first quarter last year it was still quite a good market, the U.S. market. We haven't -- hadn't seen the downturn yet.

EMEA, (Europe, Middle East, Africa), growing at a good pace.

Service; here you can see Service grew by 9%, as I said earlier. I am very glad that we have been able now to get a good position in the Hiab Service, where it grew by 20 -- 25%.

On Kalmar, 7%. It's a bit cyclical. You get some big orders that you deliver, some big service contracts, so I mean they also help healthy development.

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MacGREGOR, minus 5%. Is this a catastrophe? Minus 5% is still only EUR2m so, I would say, no. It reflects the fact that still the daily rates are very high, and the ship-owners are running and running and running their ships and not doing as much maintenance as they maybe should be doing. So I consider it a development that we can -- will benefit from in the future.

So a good development in Service. We have done very systematic work on all the three business areas in Service.

Operating profit by business area that's, of course, if we first take the bottom line Cargotec, 6.1%. No, we cannot be happy with that. But, no, it has not changed our guidance for the full year. We knew that the first quarter will be slower than the other quarters so, for us, not a big surprise.

Of course, if we go to the respective businesses then Kalmar, unfortunately, they did not have any deliveries of any bigger, higher margin projects during this quarter. In addition to that, you had this EUR4m that we had to take for one of the big projects that we had. I think that Pekka Vauramo will come back to that.

Again, I see it as a temporary -- temporary thing that we are at 6%, and not a trend. We have been focusing very much on profitability in terms of order intake so that's also, I'm glad to say, that we have a healthy order book. So even though our order book is growing, you have seen operating profit one quarter going down, it's not a trend. It just happens to be like this in this quarter. Plus that we are eating up of all order book where we have had lower margin orders.

Hiab, 7.7%. A small impact is of Easter and Easter affects boat sales because the factories are not running at full capacity during the whole quarter.

Kalmar, I already said temporary thing.

MacGREGOR, again here, unfortunately, none of the big high-margin projects were delivered during this quarter. Doesn't change our guidance for the full year and our view about the order book of MacGREGOR. Of course, the MacGREGOR order book is huge and we spend a lot of time on analyzing the order book. Are we really sure we are taking in the material cost expectations that we see? Do we have any risks? No, we don't see any risk in the big MacGREGOR order book.

The key figures, same story here, not very much to comment, more mathematics here. The gearing goes up and so on, but still at a very healthy level. Returns are, of course, not good in a quarter like this, but I don't -- I see it as a temporary. And, as I've said many times, one quarter is very, very short for our type of business.

Acquisitions so far in 2008. We have made a number of acquisitions, I think are very, very crucial. Number of acquisitions, I have said that they will go down. We still see a number of them, but it will not be at the same pace as you have seen the years before. We have managed to capture most of those companies that we wanted to have at a reasonable price.

Out of this list, the Australian company is, of course, a tail lift company. Del and Ultron, U.K., U.S. tail lifts company. We want to consolidate the tail lifts into a bigger unit to be a real market leader, to really be able to develop the -- both the profitability and the market leadership in that area. And now I think that we have the critical mass with these companies.

Italian design company, a very small company actually, only five people, 10 people, but these are the really, really, really top people, as we see in the Kalmar, MacGREGOR -- sorry, Kalmar, Hiab design side in the world. So, having them in our house, we think that we can develop quicker new products and also develop more innovative products.

South African Service company and U.S. crane platform offshore service, which is crucial for us. We have become a real player now in the offshore market. We also want to capture the Service part of it which, Plimsoll and Hydramarine that we acquired, they were not at all in the service business. And that's a very specific skill, so we need to build it up within the Company. Because we see that the offshore, especially offshore on deepwater, has a very, very good future, not only for in the short run, but in the longer run as well.

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I would now like to leave the floor to Pekka Vauramo, who is our -- the President of the Kalmar business area. He will say a few words about what are the changes we have done in Kalmar, what -- what's new in Kalmar.

Why do I consider this very important? I want to speed up -- you have seen we had the EUR18m that we took the cost for the spreaders last year. We had the EUR4m in one project. And I want to have a change to this, so we have a new -- Pekka has been with us now since October 1, so now he has had time to look at what should we do differently, how should his team look like. So, please, Pekka.

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**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

Good afternoon to all of you. Yes, it's been just over six months in Kalmar and this is probably the right time to share my thoughts and views and current activities on what's going on in Kalmar and how the -- what will be the future directions, based on my first months here in the Company.

First of all, we are in process of establishing new way of working for Kalmar and there are three very basic priority areas, areas in that activity.

First of all, I would like to emphasize the importance of organic growth for us. That's number one.

Secondly, we saw the numbers, there is obvious need to work on the profitability of Kalmar.

And a third item that we have done some actions already is really to clarify the management responsibilities, and to make sure that these two other things, other areas, are really enforced by also the Organization and the way of working inside Kalmar.

Boosting the organic growth means several things for us.

One, clearly, is that the approach what we have in the regions, in the markets, we have elevated the sub-regions, and we have elevated the emerging markets into sub-regions within our Organization. The purpose of this one is to make sure that these sub-regions where the markets are currently growing fastest will have the possibility to grow. And we'll also be able to develop their resources according to the needs.

Kalmar solution which, to me, is combination of technology and the service capability, that is an important component in that one. The service capability we have developed through acquisitions very successfully. And our capacity in that area is visible in the growth of service that we've been doing. The growth in Kalmar Service in this quarter has been fully organic growth so there is no acquisitions in that number. So, in that respect, the development is good and positive.

But that needs to be backed up with the R&D and with the technology. And in that area we have actions in place to develop equipment which is environmentally friendly, energy saving and, of course, automation is still on the list and a very important area for our future.

The third area that we've done, and it's also in our new Organization, is that want to improve our customer focus. And we have established a global customer team that takes care of developing the way of working with major global customers through account management principles.

The profitability improvement; I would like to take first the profit-orientated -- profit orientation, profit-orientated culture, that I would like to sharpen in Kalmar. We have established now certain processes and controls which will secure the quality of our future orders. That is probably the most important thing at this moment that we have done in area.

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We have seen in the past that we have work to do in the area of quality. The Bromma provision last quarter of last -- of last year and now the provision that we have to make, I think they are both in the area of quality; one more in the area of manufacturing quality, the other one in the area of quality of our project management and capabilities.

For Bromma part, we have already a new quality system in place and there are further process improvement actions happening to secure the quality for future. And also, needless to say, we have of course already taken the immediate corrective actions to stop those things going into market in Bromma.

Project management, we have tackled through new organization, where we have concentrated and consolidated all our project businesses in one division under one management. Previously, it had been -- projects have been put together from different parts of the Company and the management structure, as such, was not very clear. And this is now what we have done in beginning of this year.

Supply chain of Kalmar all together. We need to work continuously on improving competitiveness of the supply chain. And the supply chain, this means we need to work together with our suppliers and with our own manufacturing. Supply chain management that is also now consolidated fully under one management inside Kalmar, and all the activities on that one are now well coordinated. And, furthermore, we work together with Cargotec Supply Board to look into future improvements in that area.

Our footprint -- global footprint, when it comes to production, we need to manage that one better in future. What this means in practice is that all new capacity investments will be made closer to the growing markets, rather than at the existing main factories.

Last item to clarify the management responsibilities, we have put this new Organization in place. Previously, we had customer, segment-based organization in Kalmar which was good at the time it was established, but it meant that our Organization became very complex, complex also when it comes to management responsibilities. We had multi-dimensional matrix in place and it was complicated, especially when we ended up in certain situations where we needed to improve our performance.

We have reduced the complexity and this is fully in line with On the Move program, as it was communicated as the model, that was communicated as part of On the Move in January. The core of this Organization is three regions and three divisions that work still in matrix but only in two dimensions now.

The three regions called Asia Pacific, Americas, Europe, Middle East and Africa. They are all divided further into sub-regions really to make sure that those fastest growing parts of the world do get the attention that they require.

A change also in this one is that now the region managers are truly in Kalmar management team. And this is, of course, to make sure that our decision making is more based on market and customer needs, rather than coming from the needs of individual product and product lines as before.

Another change is that now all the regions are also managed by local people which, to me, is very important thing really to understand the details of the -- of each market's dynamics to the level that we need to know in this business.

The divisions -- Material Handling division includes all standardized products. Standardized products, I would call products like forklifts, reach stackers and empty container handlers, to give some examples.

Then, all project businesses we have consolidated in Container Crane Systems division. That includes straddle carriers, yard cranes, ship-to-shore cranes and automation. This is now what I said that we have taken all the project businesses under one management and this is the division that is responsible for that one.

The Service continues as its own division as before.

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Then, in the management we also have the Global Customer team and product suppliers, as described before.

Bromma and the Kalmar Rough Terrain Center will continue as dedicated businesses as before.

We'll add the business development function really to manage the growth for Kalmar, and that is basically what the new Organization is like. There is 13 boxes in the chart now and seven out of these 13 are currently held by, either new persons, or persons are in new position. So the change in management is quite considerable now in Kalmar.

And last, really, the key measurement, we still work in matrix here and that is, in my opinion, the only way how we can cover the world and the needs of the world. But the key measurement for both regions and divisions are basically the same. They are the growth and the integrated profitability of our activity.

Thanks.

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Okay, thank you, Pekka. So we have seen now that we have changed the way of working in -- on the Cargotec level. As I have been describing to you earlier, we have people in new positions. There now we have made a big change in the Kalmar organization and previously, also, we have done changes in Hiab and MacGREGOR. So now we have a new team in all the divisions.

Last, but not least, the outlook for 2008. We have actually not changed the outlook for the year. We don't see any reason to do that. The net sales growth, 2008, is expected to be at the previous year's level. I mean the growth. That's a result of the strong order intake that you have seen and how we see the market.

Order intake, as such, we don't see any big signs in lowering the expectations there either. But we have to remind you that it was very, very strong in quarter one.

And, as I've said many times, I really don't know how long the MacGREGOR order intake will continue. It just continues and continues. It continues for the following quarter, but will it continue for the full year? I don't know. It's not a big concern to me because order book is so long, so it doesn't really change the outlook of MacGREGOR.

If we then go to operating margin, we have said that this really improved from 2007 level. We have added now that -- and to be approximately 8% for the full year. We have given some kind of guidance earlier which I've said that it will improve. Now we have said approximately 8%.

So I see the market still buoyant, still very interesting. We have a lot of internal things. That's why we had to start the On the Move program. There, we can see that we have a profitable growth of the Company, where we can see that we can capture the full market the way we'd like to capture it.

Market looks -- looks fine to me, and we have -- I think we have done all the necessary changes, started the necessary projects and now it's just to work from here onwards.

Thank you very much. Now, it's time for questions.



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## QUESTIONS AND ANSWERS

**Eeva Makela** - *Cargotec Corporation - CFO*

Yes, ladies and gentlemen, we're now ready for questions. We'll start with the questions of the Helsinki audience. And, please, use the microphone and state your name and company before asking your question, so that the people on the line can hear you as well. Please.

**Jari Harjunpaa** - *Evli Bank - Analyst*

Thank you. Jari Harjunpaa, Evli Bank. I would like a little bit more elaboration for this Kalmar business unit operating margin, and what is actually happening there at the moment.

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Pekka, do you want to answer?

**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

Can I use this one, or --?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Yes.

**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

This microphone works. Okay, thank you. Kalmar, of course, the first quarter was slow in terms of sales and that was according to our expectation, as we saw it earlier on. So it was slow and, of course, the margin was reflected by the low volume. Low volume is mainly because of the reasonably slow order intake in the last two quarters of 2007.

This business, as such, when we look at the different business unit -- units, we have the low order intake mainly in container handling. And, of course, the margins in container handling were somewhat lower than they traditionally have been. Now, when we look at the situation, we have healthy order book and we will see improvement towards end of the year.

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

And maybe worthwhile mentioning that we have put a lot of effort in not talking about growth as such, but talking about profitable growth.

**Jari Harjunpaa** - *Evli Bank - Analyst*

Thank you.

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**Erkki Vesola** - eQ Bank - Analyst

Erkki Vesola at eQ Bank. Your gross margin, it came down quite a bit year on year. Was this more sales mix this year and how -- or how would you comment on cost issues like components, steel, employee costs and so forth?

**Mikael Makinen** - Cargotec Corporation - President and CEO

It's mainly the mixture of the product. It's a product mixture question. Your question about -- then about costs of components, they are like steel, hydraulics and so on. As I've said earlier, the market is very tight but we have been able to move on those costs to our customers. So, no, that -- it's a mixture question, not a question of component costs.

But I have to remind you that the market is tight for components. And it's more -- mainly affects us in the way that we have many, many projects going on at the same time in the factories and people have to move from one to another because some components are delayed. The customer don't see, but we see that hassle. So that's partly you could say that affects the gross margin as well.

**Erkki Vesola** - eQ Bank - Analyst

And another question, if I may. Could you briefly describe the effect of a weakening USD on your operations?

**Mikael Makinen** - Cargotec Corporation - President and CEO

Of course, the level where it is today, we are not very happy with that, but you have to remember one thing. The fact that we buy a lot of components in Asia, which is dollar-based, we bring them here. The work, which is a minor part of [its] assembly, is done in euros, and then it might be sold to a euro area or a dollar area.

So it -- it's actually -- it's very difficult to give you an exact answer. It's not like a paper factory that we can say that if dollar goes down so much, this is the effect. It has a positive effect and a negative effect and we try to manage our manufacturing and our assembly so that we can live with it.

**Sasu Ristimäki** - SEB Enskilda - Analyst

Yes, it's Sasu Ristimäki, SEB Enskilda. Two questions, primarily relating to Kalmar. One is that, to make the full-year Group guidance it would seem to me that you need to achieve at least close to, if not above, double-digit profitability in Kalmar in the second half of the year. Now, you're pretty far away from that and it's been a very long while since you've been at those levels.

Can you give us an earnings bridge on how you're going to get from here to there in a very short timeframe? Is it a mix improvement you see in the backlog? Is it a pricing issue? Do you have some rapid changes in the cost structure that we should see delivered already in the six-month period? Or what is the underlying logic why we should take the guidance at face value?

**Eeva Makela** - Cargotec Corporation - CFO

Okay. If you look at our volume level on quarter one, which was just over EUR300m, and that annualized would make only EUR1.2b and that is quite a ways below. And, of course, we see the volume impact at a reduced margin for the first quarter.

Our order book is now very healthy. If you look at our orders for the first quarter, they are on record level. And my previous comment on [fairly] below during the quarter was on Container Handling side. Now we have good orders in Container Handling

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side, and we will see improvement of -- an impact of that one as improvement of profitability towards end of the year and during the rest of -- balance over the year.

As such, there are no rapid cost reduction programs in the pipeline, so we cannot expect it to happen that way. So it's mainly a price mix.

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**Sasu Ristimaki** - *SEB Enskilda - Analyst*

Okay. Then I've a follow-up question which relates to, in a way, the demand outlook. With container traffic volumes declining in the U.S. market, how do you see the investment how do you see the investment activity of the U.S. ports developing during the year?

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

U.S. ports, the activity is down, of course, and container volume is down, and we've heard it from our customers. But, of course, in this kind of industry the investment views are long-term views. The U.S. might be down, but we don't see any downwards activity in other parts of the world at this moment.

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**Sasu Ristimaki** - *SEB Enskilda - Analyst*

Are you saying that your U.S. geographic exposure is so limited that seeing a negative trend there doesn't have an impact on your growth outlook for the year?

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Yes, well, you can say it in that way, yes. Then, you have to remember also one thing about U.S. is that the U.S. harbors, the level of sophistication is not very high, so they need to do investment even. You cannot follow really only that, if the volume goes down, then the investments will go down.

They have the Security Act that is called coming into operation, they have efficiency improvements that they have to do, so there will be investments. So I wouldn't say that even if you see that -- because then some of them -- some analysts say 2%, some of them 7% down at the beginning of the year. I don't think you will see any immediate effect on investment there.

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**Jari Harjunpaa** - *Evli Bank - Analyst*

Yes, Jari Harjunpaa, Evli Bank. Still a little bit about this Kalmar margins. If we are now looking at the little longer term view and to 2009 and probably 2010, and if we are looking at the world trade growth actually slowing down a little bit and that, of course, could be actually implicating a little bit lower volumes in some near term and Kalmar business unit as well. So how is Kalmar actually able to scope with a little bit tougher economic conditions if we are still in very low EBIT levels now, when actually the markets are still fairly good?

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Of course, the flexibility what we have built into the system will be the way how we tackle it with those things. And, of course, we will see a reduction, but so will see our suppliers, so we are not affected fully by that one. But of course, for sure, when volumes go down then we are facing the pressure in EBIT margins. I still want to say that we don't see that slowdown at this moment in our markets. Other than U.S.A., everything else is still very strong, and also outlook is good.

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**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

I think it's worthwhile mentioning also that that's -- one of the main areas of On the Move project is to look at the goals of footprint. We don't have the optimal global footprint. We are not manufacturing our products in the correct place or sourcing in the correct place, so that's a big part of it.

**Jari Harjunpaa** - *Evli Bank - Analyst*

Then, a follow-up question. If we are looking at now the competition coming from Asia, and in Kalmar business unit has that actually intensified during the last years? And are the main players in Asia also moving to the smaller equipment side as well? So have you seen any of that type of trend here?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Yes, we have seen that activity increasing, not very dramatically, but we have made a note out of it. And what was said about the footprint, we will take an action and continue to take actions in that area. And, at the same time, we are also localizing more and more of our products in order to be more competitive against these Asian competitors in local markets.

**Jari Harjunpaa** - *Evli Bank - Analyst*

Has there been any signs of those competitors to move also in European markets at the moment for this smaller equipment?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Smaller equipment, I cannot recall seeing them too often in Europe. We've seen in Africa and in South America some of these competitors, but they have been, up until now, very, very small volumes. The small component manufacturer -- or smaller component in the Kalmar field, the Asian competitors they are still technically very, very different from the best European, U.S. equipment. So there is a technology gap still there, so I don't think you would see them.

And I think that what we have seen is that, the Asian players, they are more going for steel structures. They are good at steel, so they expand more instead of expanding into smaller equipment. The traditional players like ZPMC, they are expanding into more steel, which means bridges, all kind of steel structures, offshore structures and so on.

But, of course, as Pekka said, then there are other players who come into this, but it's not the traditional that you would have a one-to-one competitor to Kalmar, but you could see a competitor in the big cranes, you could see a competitor in the smaller area, and that's why the biggest investments of our R&D goes to environmental issues, more automation, automatic navigation systems, tracking systems, to stay ahead of this. Because if you have only a terminal tractor and it's a question only of price, then it's only a question of time when someone catches up.

**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

Plus, the service capability that was earlier on.

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

The service capability's another one.

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**Jari Harjunpaa** - *Evli Bank - Analyst*

Thank you.

**Timo Pirskanen** - *Deutsche Bank - Analyst*

Timo Pirskanen from Deutsche Bank. Talking about steel, basically, now the average assumption, I suppose, is that during 2008 compared to 2007 the average prices of steel will increase roughly 40%. So could you please give us a number, how much are your annual steel purchases?

And, secondly, please comment your pricing power buy division.

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Okay. The steel, we don't give out the number of the steel -- our steel purchases per year.

If I go to the second question about the pricing power, as I've said many times, MacGREGOR, which has by far the highest tonnage of steel per year, the contracts are based on a steel clause which means that actually the problem is with the shipyard.

If you go to Kalmar, then it's a normal -- we are tracking the steel prices, we are chasing our pricing based on that and we have been able to push that to the customer. Higher, very short delivery times, you see much frequent price increases during the year in that kind of equipment.

**Timo Pirskanen** - *Deutsche Bank - Analyst*

Okay, thanks. Your comment is already on the U.S. dollar/euro rate and the effects on that one, but could you please also go through the other main currencies in your business?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Actually, the only other main currency that you should consider is the Swedish kroner.

**Timo Pirskanen** - *Deutsche Bank - Analyst*

But what's your -- how geared are you towards the sector and what would be the sensitivity there?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

There is a sensitivity. You have to remember that we have 2,700 people in Sweden working for us, but you have to remember that on the end product most of the components come from U.S. or euro areas. So I leave it to you to calculate 2,700 people that's exposure.

**Timo Pirskanen** - *Deutsche Bank - Analyst*

Okay, then, my final question would be basically just a bit broader one. I do remember sitting in the same room last year after the second quarter numbers, which were rather disappointing, and then we were talking about R&D costs and then the Company

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investing in expanding the service locations globally, etc. and hoping that these investments would bring in the corresponding revenues, well, at least within the next year.

And now we are already nine months from that time and basically it's not yet seen in the numbers, so it's just -- some kind of -- could you walk us through that, what has happened on the service side and basically on the R&D front during these nine months? And how do you see a development ongoing now towards the end of 2008?

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

If you take first of all the R&D, you have to remember we have launched quite a number of new products, environmentally friendly products. But, of course, it takes a long time before they really affect our bottom line. The new products are there. I don't know if you have seen, but you have seen different types of cranes, and especially on Kalmar we have different types of products that are a totally new generation. But their impact will be end of this year, next year, when they have an impact on the bottom line.

Your other question was about the investment in service. Again, it's a long-term job there. Yes, it takes nine to 12 months. Yes, we have gone nine months down the line, but it's coming. There's not much more I can say about it. We feel that we have done, and are doing, the right thing.

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**Erkki Vesola** - *eQ Bank - Analyst*

Erkki at eQ again. A quick question on Q2 and gross margin. Should we be expecting a notable gross margin improvement already in Q2, judging by what you already know about your Q2 deliveries and the product mix?

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Let's put it this way that, yes, that's what you have to see because otherwise our guidance of 8% for the full year will not materialize.

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**Erkki Vesola** - *eQ Bank - Analyst*

Thanks.

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**Tom Skogman** - *Handelsbanken Capital Market - Analyst*

This is Tom Skogman from Handelsbanken Capital Market. Given that you have a long order book, both in Kalmar and in MacGREGOR, the only risk there are is, basically, on the cost side. But on the high upside you had quite much better margins this quarter compared to Q3 and Q4, despite some markets weak getting in Europe.

And should be fair that your leverage and margin could be really going down the next quarter and beyond that in Europe, unless the U.S. market recovers, as we have weakening signs in many other European construction and perhaps also trucking markets.

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**Mikael Makinen** - Cargotec Corporation - President and CEO

You have to remember one thing, that last year of course without giving any figures, we told you that the highest margin market was the U.S. market, and a big downturn there took some time to be adjusted too. It took some time in terms of product. It took some in reducing the number of people. I think by 260 people we have reduced in U.S., so it took some time.

And I would say that we are much better prepared if this would happen in Europe than we were at that time. So the adjustment would be quicker and you shouldn't see that dramatic downturn. But, of course, higher risk in that, the shortest cycle business, in our business.

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**Tom Skogman** - Handelsbanken Capital Market - Analyst

For the European markets (inaudible).

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**Mikael Makinen** - Cargotec Corporation - President and CEO

For the European markets. As I said, flat or a bit down in Italy and Spain. Then East Europe extremely strong. Only limiting factor is the delivery time of trucks. The rest of Europe is flat, a bit up. That's where it is. And then if you add to that Middle East, very strong, Africa also growing but from a very, very low level. So that's where we are.

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**Tom Skogman** - Handelsbanken Capital Market - Analyst

Part of that Spain could be flat. I spoke with your competitor and they said that Spain was really much down so far --

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**Mikael Makinen** - Cargotec Corporation - President and CEO

I said flat or a bit down. Spain is more down than Italy if you take those two, yes.

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**Tom Skogman** - Handelsbanken Capital Market - Analyst

And then about your pricing. To my understanding you have increased prices in Kalmar and is there a new methodology in the Company somehow on the pricing, or a pricing system, or could you elaborate a bit about that also?

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**Mikael Makinen** - Cargotec Corporation - President and CEO

We have certain controls in place that we know better the quality of our offers, which is the starting point, and then of course when accepting orders and when negotiating for new contracts there are certain controls in place that we have better (inaudible) on what kind of orders we are getting.

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**Pekka Vauramo** - Cargotec Corporation - President, Kalmar

And then we have a more, in that sense, dynamic pricing than one and a half, two years back. Nobody could see the rapid increase of components and now we take that better into consideration. That depends on the delivery time of that respective whatever it is.

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For the more -- of course, we have converted many of our offers into euro, even on traditional dollar markets in order to make sure that our European production is better covered in this respect. So we have told the whole network that the main product should be sold in euros and many of our customers have accepted that, also outside the euro area.

Last, but not least, maybe very much focused on growth and now profitable growth, which means that we have told our sales people, hey, if you go below this line, don't worry. If you don't take the order, we will not blame you leaving out those bad orders. And that's why we made this evaluation to all the projects to see what it was and there we found this one project with the 4m and said, hey, we take it now. And now this is not accepted any more.

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**Tom Skogman** - *Handelsbanken Capital Market - Analyst*

Could you finally just give a view also on the ship order, how that affects Macgregor and, in the long-term, also Kalmar? Ships.

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

It's still, as you saw, the number of ships that have -- or the equipment that has been ordered at the beginning of the year, and if you look at those who are very close to that, let's say, like Finland and so on, they still are seeing a good order intake for ships and so is our statistics showing. And we have not seen the weak signal which is taking out the oldest ships from the market. That's usually what the ship-owners do, take out the old ones to give the day rate up, and we haven't seen that yet happening.

We see a lot of conversions. The old tankers cannot be used, they are converted quickly into bulkers. Still a very, very big shortage of bulkers and that's a limiting factor now in Australia. There are so many bulkers outside the harbors there because the harbor capacity isn't there, so actually they are tied up. There just waiting to be loaded and then to be unloaded in Japan and China. So it still looks very, very good.

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**Sanna Kaje** - *Glitnir - Analyst*

Sanna Kaje, Glitnir. About the Service business growth, I was just looking at the Kalmar at 7% growth; that doesn't sound too high. And then, MacGREGOR, at minus 5%. Is there some maintenance work delayed, or why is it install base is growing whereas the Service business going down?

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

As I said on MacGREGOR side, we had minus 5%. Yes, sounds dramatic, but remember it's EUR2m. It's actually one contract. If it's delivered now the third conversion contract this month or the next month, so I don't see anything on MacGREGOR. And as I also said on the ship side, is that the day rates are still very high, so people don't take their ships for service. They try to run them as long as possible.

Then you had -- the other question was about Kalmar service, yes. Have a look at it more on a six-month basis, because they are also service contracts, a service contract that come and they are invoiced at the end of the contract, so it's a bit too short. I am not too worried about it, no.

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**Johan Lindh** - *Kaupthing Bank - Analyst*

Johan Lindh, Kaupthing Bank. You talked already about steel, but a more specific question relating to the steel costs and the expected increase in the cost of steel. Order books in your businesses have grown quite considerably, and now the question is have you agreed your steel purchases for the entire order book of Kalmar and Hiab for the time being?



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Do you know the component cost and steel purchases for the entire order book?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Yes. First of all, if you take Hiab when the normal cycle is three months, of course, you have to have the steel. You have to have every component, and every day you have to know that. If you go to Kalmar I would say that it's --

**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

Within Kalmar we buy a lot of steel through our suppliers and the general rule is that we have annual contracts with our suppliers but, of course, in the long run we need to take this into consideration.

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

So in that case we are not, in Kalmar, a steel buyer. We are a component buyer.

**Johan Lindh** - *Kaupthing Bank - Analyst*

But you have secured the component price and volume for the entire order book? Or is there the orders that will be delivered in end of 2009, perhaps that you don't at this stage really know at what price you're going to buy the components?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Did you say 2009? We have very few orders to the end of 2009.

**Johan Lindh** - *Kaupthing Bank - Analyst*

Yes, but still --

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

No, we wouldn't have that one. If we had orders for, let's say, standard equipment that would go that far out, we wouldn't have secured (inaudible), but we don't have those orders.

**Johan Lindh** - *Kaupthing Bank - Analyst*

Thank you.

Then, a second question I think, the On the Move program and your 10% EBIT margin. Can you talk about how do you think together and how much has this completely [sought] the same issue and do they vary?

In the On the Move program you talked about EUR80m to EUR100m improvement in EBIT, and then you have talked about the 10% EBIT margin. Is this the same issue or the same actions, and also is this Kalmar actions part of the On the Move program? Is everything sort of -- obviously everything is interlinked, but is everything the same? That's the question.

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**Mikael Makinen** - Cargotec Corporation - President and CEO

Kari, if you want to answer on On the Move, I can answer then about the --

**Kari Heinisto** - Cargotec Corporation - Deputy CEO

Yes, Kari Heinisto speaking. If the question is can you add these targets, no, you cannot. So the 10% target is the total target and On the Move is a significant part of it. And many of those things what Pekka Vauramo was talking about are also using the programs and projects what On the Move is running, so they are interlinked.

**Johan Lindh** - Kaupthing Bank - Analyst

They are interlinked, but On the Move, you have never said that on the move everything is done by 2011. So from that point of view they are trying to signal that, hey, that's not the end of the world at 2011.

**Eeva Makela** - Cargotec Corporation - CFO

Okay, final question here from the audience.

**Sasu Ristimaki** - SEB Enskilda - Analyst

Thank you. It's Sasu again from Enskilda. Just, specifically on the North American market, where your revenues declined quite sharply both year on year and sequentially, can you give us any color on how that decline splits between the divisions? In other words, is this directly still a Hiab issue or are we seeing a similar decline in other places as well?

**Mikael Makinen** - Cargotec Corporation - President and CEO

MacGREGOR, of course, have no sales in U.S., so that's -- or very small sales in the U.S. Then, it's mainly Hiab. Have you seen any decline in Kalmar?

**Pekka Vauramo** - Cargotec Corporation - President, Kalmar

A slight decline in sales but, again, very good order intake in the U.S. for the first quarter. So, in that respect, the picture is a little mixed.

**Sasu Ristimaki** - SEB Enskilda - Analyst

Thank you.

**Eeva Makela** - Cargotec Corporation - CFO

Okay, I think we're ready to transfer to the phone line and take questions from the phone call participants. Operator, please.

**Operator**

Thank you. (OPERATOR INSTRUCTIONS). Our first question comes from the line of Eric Carson from AKO. Please go ahead.

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**Eric Carson** - AKO Capital - Analyst

Yes, hello, it's Eric from AKO Capital. I just wondered, on Hiab, could you give us any feel for how big Eastern Europe is versus Western Europe, which is -- you only give us the whole EMEA region, but just a feel for what the breakdown is between the two?

And also, within Western Europe, which are your biggest countries? Should we just assume that you have sales according to the size of the different economies, or are there a couple of countries that you're really overweight?

**Mikael Makinen** - Cargotec Corporation - President and CEO

We usually don't give the break up of East European, West European countries. But to your second question, we are historically a Nordic Company so, of course, we have the highest market shares in the Nordic countries and then, after that, you could assume that we have an average market share in the rest of the countries. But Eastern Europe is, of course, by far the fastest growing area.

**Eric Carson** - AKO Capital - Analyst

Okay, could you give us any feel for if Eastern Europe is 10%, or 20% of Europe, or -- just to get a feel for, very roughly, the size of the relative businesses?

**Mikael Makinen** - Cargotec Corporation - President and CEO

Maybe (inaudible). Okay, maybe some -- in the range of what you said, yes.

**Eric Carson** - AKO Capital - Analyst

Okay, fantastic. Thank you.

**Operator**

Thank you. Our next telephone question comes from the line of Antti Suttelin from Danske.

**Antti Suttelin** - Danske Markets Equities - Analyst

Hello, this is Antti Suttelin from Danske Markets Equities. I would have two questions. Firstly, on the cost provision that you are taking now, the EUR4m, what has triggered you to take that cost now? Is it because raw material costs have increased more than expected, or is it just now that Cargotec has realized that the project actually has lower price than assumed, or something? Why is it that you take it just now?

**Mikael Makinen** - Cargotec Corporation - President and CEO

The EUR4m is related to our project in Hamburg and there have been cost overruns, mainly relating to the nature of R&D of that project. They are not R&D costs, but they are relating to the R&D activities that go into this project. There are cost overruns and then there are certain time-related costs that we needed to book.

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And maybe just to remind you that -- why did we take it right now? Right now we took it because, when Pekka Vauramo put in place his new Organization, we also decided to go through the whole order book, see what's in it and in the same spirit of the way of working say, hey, we look at the profitable growth, so let's go through the whole order book, see if there is something strange in it then. And, I said, the German project was there.

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**Antti Suttelin** - *Danske Markets Equities - Analyst*

Okay. Thank you. Then, my second question is that when Cargotec has a healthy order book which almost covers one year's sales or so and, given the comments that you have given on the limited sensitivity to currencies and the limited sensitivity to raw material and input costs, then I guess one should conclude that really the profitability of the business is driven by Cargotec's in-house project execution. How confident is Cargotec that the Company will not deliver a profit warning during 2008? Are you very confident, or just confident?

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Yes, I answer the first part of the question. When you said that we have a limited exposure to the U.S. dollar, to raw materials, to components, no, I didn't say that. I said that a company -- a global company has to live with that, and that's why I don't want to give a specific figure on that. I think it's our job to manage it. It is difficult with the raw materials. Yes, it is difficult with the components.

Your second question is that -- we have given our guidance. You don't make a -- it's a big, big job to go through and to give a guidance so, of course you have to be sure that it's correct what you say.

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**Antti Suttelin** - *Danske Markets Equities - Analyst*

Okay. Thank you.

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**Operator**

Thank you. Our next question from the telephone is from the line of Julia Varesko from JP Morgan. Please go ahead.

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**Julia Varesko** - *JP Morgan - Analyst*

Hello. My first question is a tie-up. You said that pricing in Hiab was good and that you were able to pass on higher input costs to customers. Could you confirm that that's also the case in the weak North American market?

My second question is regarding Q1. You said that you expected a weaker performance in the quarter, so this performance doesn't seem to come as a surprise for you. I don't actually recall you mentioning this in your guidance during the last call in January. But do you already have an indication that Q1 really is the bottom here? And did the development improve towards the end of the quarter and how is the development of the businesses in April so far?

And finally, I have a question regarding the comments you made in the Press Release. You noted that industrial forklift markets were healthy but there some indications of slackening demand in some European countries. Could you expand on that a little bit and comment on which of the European countries were you seeing weaker demand for in industrial forklifts?

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

The weaker demand in Europe is for all the hire products in Spain and Italy.

**Julia Varesko** - *JP Morgan - Analyst*

But I'm referring here to --

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

That's something I said here earlier. And then, you were talking about the Hiab, if we have been able to pass it on on the U.S. market to our customers. As I said earlier, the U.S. market is so -- a short answer is, yes, we have been doing that but, because the sales is so small at such a low level in U.S. today, so it doesn't have any positive nor negative impact.

Q1, what I said was that there is seasonality, and we saw the Q1 to be a lower level than towards the end of the year. How do we see April today? I think we have guided that the market still is healthy. Of course, we have seen orders coming in. That's all we can say about April.

**Julia Varesko** - *JP Morgan - Analyst*

Sorry, my question regarding the slackening demand for some European countries was actually regarding the heavy industrial forklift markets?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Sorry, no, I couldn't hear your question.

**Julia Varesko** - *JP Morgan - Analyst*

In the Press Release you said that heavy industrial forklift markets showed some indications of slackening demand in some European countries. I was just wondering if you could comment on which European countries saw weaker demand for industrial forklifts.

**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

We have seen the (inaudible) -- this is Pekka Vauramo speaking. We have seen the softening exactly in the same areas where Hiab has seen a softening (inaudible) --

**Julia Varesko** - *JP Morgan - Analyst*

Okay, so it was also Spain and Italy.

**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

-- Spain and Italy.

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**Julia Varesko** - JP Morgan - Analyst

All right, okay. Thank you.

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**Operator**

Thank you. We have no further questions from the telephone at this point. (OPERATOR INSTRUCTIONS). We do have some more questions on the telephone. First, from [Tian Chen] from HSBC. Please go ahead.

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**Tian Chen** - HSBC - Analyst

Hello. I just have two questions. The first one is related to Kalmar and the second one is related to (inaudible) business. First of all, Kalmar. I'm talking about this 4m one-off charge. In which expense item did you book this 4m? In the cost of goods sold, or somewhere else? And do you expect any going forward any similar nature of this charge?

And also on a related note, you were talking about the new strategy for this Kalmar business. I have just been wondering if any kind of problem -- there's a kind of past problem or there's a steel quality problem. Or is it due to your in-house manufacturing problem, or due to the product you source from in your partners? What was the root of this problem for this under par qualities products?

Then, a second question is about the MacGREGOR business. You mentioned -- talking about order books, talking about hatch covers. When you were talking about hatch cover is one ship for one hatch cover, or one hold for one hatch cover? That's my question, yes. Thank you very much.

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**Pekka Vauramo** - Cargotec Corporation - President, Kalmar

This 4m provision, it was taken from the COGS. And was their a second part relating to this project? I didn't quite get that?

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**Mikael Makinen** - Cargotec Corporation - President and CEO

Why do you change the Organization? What are the problems?

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**Pekka Vauramo** - Cargotec Corporation - President, Kalmar

Okay. That is another one. Of course, I came into Kalmar some six months, seven months ago from now, and my main purpose -- I came from outside the industry and I wanted to learn about of course what our customers are doing and, secondly, I wanted to know what kind of people we have in the Organization and how do we work together.

And the changes that I have now made are the conclusion what I made out of it. First of all, Organization I perceived it as very complicated and it was feedback also from our people that how we work and operate it's a very complicated way. We had three-dimensional -- at least three-dimensional matrix in place and that was a little bit too much, especially when we ran into problems.

At times when we have issues to sort out that normally calls for clear management lines, and that's what I have now done. And I have a full understanding of how the Organization works and I have to say that the changes have gone smoothly through into the Organization and very little internal issues because of those changes. So I'm very positive about the impact of that.

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**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Okay, and your last questions, I said that 231 ships -- hatch covers for 231 ships.

**Tian Chen** - *HSBC - Analyst*

Okay.

**Operator**

Thank you. Our next question comes from Sebastian Ubert from UBS. Please go ahead.

**Sebastian Ubert** - *UBS - Analyst*

Good afternoon, ladies and gentlemen. I have a few questions, if I may, starting with steel again. So maybe you can give us an idea of how much in percentage of your cost structure the steel or steel-related components are, where you do not have passing on clauses with your clients, especially at Hiab and Kalmar?

And maybe you can also give us an idea of how much top line growth and the EBIT impact was due to the ongoing U.S. dollar weakness, and what U.S. dollar rate you have in your budget to achieve the 8% EBIT margin?

Then your sales guidance, growth of some 16%, half of it organically, includes some 8% in acquisitions. We have seen so far acquisitions of some -- close to 16m only, which would be some 45m on an annualized basis, so that is still some 200m missing. How will you go forward with that?

And then last question is on MacGREGOR outlook. We have seen already a sharp fall in new ship orders of 37% down in February for Korean shipyards. Can you comment on that as well maybe? Thank you.

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Okay. That's quite a number of questions. I hope I remember all of them. The -- if we take the steel component how much is this? Of course, it's passed on in MacGREGOR which is a big steel user. We have actually not disclosed how much of the Kalmar and the Hiab business is steel related. Because you have to remember that we are not buying steel, we are buying components.

There was a question also about the U.S. dollar. As I said earlier, we have to live with the fluctuation of the U.S. dollar, so I would not like to give you an indication there.

Then, Eeva help me, what was the next one?

**Eeva Makela** - *Cargotec Corporation - CFO*

The next question was on the sales guidance. You have calculated the acquisitions we have made and said that quite a bit of organic growth is needed for us to reach the 16%.

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Yes, yes. It's based on -- that's what it's based on, yes. And then, was there anything else?

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**Eeva Makela** - Cargotec Corporation - CFO

On falling ship order intake in Korea.

**Mikael Makinen** - Cargotec Corporation - President and CEO

In Korea, yes, but you have not seen the same fall in China, so I think one month is too short period to have a look at the order intake of ships. And then another thing is that you have to remember our order intake falls or goes up about six months after the fluctuations in the ship orders.

And also you have to remember last, but not least, that it's a very different for us if it's a tanker. If it's a tanker we have only some small cranes. If it's a bulk carrier, we have big hatch covers. If it's a container ship, we have big container cranes. If it's an offshore vessel, it's a very, very different type of project. And offshore vessels are not usually in the big statistics that you have to look separately in the offshore statistics.

**Sebastian Ubert** - UBS - Analyst

Okay. Many thanks on that. But maybe, just to remind us on -- is there some more acquisitions likely to come throughout the year?

**Mikael Makinen** - Cargotec Corporation - President and CEO

(Inaudible) that we have an acquisition list. I don't know how many of them will materialize, but our guidance is of course not based on a long list of acquisitions because, even if we would close an acquisition today, it would affect our net sales only for, maximum, half a year.

**Sebastian Ubert** - UBS - Analyst

Yes, that's exactly the point. I was missing something on your last call when you had the annual results. You said that the guidance includes -- roughly half of it is organic, half of it will be acquisitions for 2008.

**Mikael Makinen** - Cargotec Corporation - President and CEO

What I said is that in 2007 it was half and half. I did not say that it's like that in 2008, and we have never guided that it should be half and half. We have now guided that the sales growth this year will be on the same level as last year.

**Sebastian Ubert** - UBS - Analyst

Okay. Many thanks.

**Operator**

Thank you. Our next question comes through from Miikka Kinnunen from Carnegie. Please go ahead.



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**Miikka Kinnunen** - *Carnegie - Analyst*

Hello, it's Miikka here from Carnegie. Just quickly on the order intake expectations for the coming quarters. I guess the guidance of somewhat lower orders for the coming quarters mainly relates to MacGREGOR division, given the time lag between shipyards orders and your business. How do you see Kalmar, Hiab? Any signs of abnormally strong first quarter compared to the expectations going forward?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Maybe, Pekka, you could comment on Kalmar? I'll take MacGREGOR.

**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

On Kalmar order intake, quarter one was all-time high order intake for Kalmar. And this all-time high order intake came by having record monthly order intakes on every month during the first quarter. I know that we will come out very strong also in April, but I'm not expecting us to make a new record for the second quarter in order intake.

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

And for Hiab, of course, we are a very normal level. There are no big changes up or down in the market. This is the level. And for MacGREGOR, as you rightly said, Miikka, that we have been on a very, very high level.

**Miikka Kinnunen** - *Carnegie - Analyst*

All right. Thank you.

**Operator**

Thank you. Our next question comes through from Teea Reijonen from Standard & Poor's. Please go ahead.

**Teea Reijonen** - *Standard & Poor's - Analyst*

Hello. My one question relates to competition from Asia. You mentioned earlier in the conference call that the Asian competitors that are emerging, and in other markets, are not as technically advanced as the manufacturers in U.S. and Europe. And you've been putting a lot of R&D efforts into environmental products and to automation and navigation systems.

Do you have any examples of Asian buyers choosing you over a local competitor for these environmental considerations, or automation navigation facilities?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Pekka. (Inaudible) also for Pekka.

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**Pekka Vauramo** - *Cargotec Corporation - President, Kalmar*

Okay. For example, our order for RTG cranes from Vietnam is based on new technical advanced solutions that really save fuel to customers and are environmentally friendly. So we are very pleased to see that development happening also in that part of the world.

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

So that's a good example. If you take Hiab, we have had quite a number of orders in China for very advanced cranes, for waste management, for the railways. And they are typical examples of where we, with our technology and service capability, have been able to sell the cranes in developing areas.

**Teea Reijonen** - *Standard & Poor's - Analyst*

And would these be situations where the competitors may have had a lower priced, but lower technology, offering?

**Mikael Makinen** - *Cargotec Corporation - President and CEO*

Most probably, yes. We -- I don't think we are ever the lowest priced alternative.

**Teea Reijonen** - *Standard & Poor's - Analyst*

Okay. Thank you.

**Operator**

Thank you. That was our final question from the telephone, so I will now hand back to Eeva to continue the conference call. Thank you.

**Eeva Makela** - *Cargotec Corporation - CFO*

Thank you. Are there any final questions from the audience here in Helsinki?

If not, ladies and gentlemen, thank you for your attention today. Have a nice weekend.

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