Okay. I've understood that the audience can hear me now, so let's start again.

January/March 2009. Again, in many ways, a mixed quarter. The market environment was very challenging, especially in Hiab. I will come back to the three business areas a bit later.

MacGREGOR, with a big order book, few cancellations, the performance continued very well.

Service. We have said earlier, that Service will grow this year. Now, we can see that the Service will be flat because we have -- the downturn has turned into a lower utilization of products, which means that it will affect Service, as well. Not as much as new sales but to a certain degree, so we cannot see any further growth, I would say, at this stage. Let's see in a few months what will happen.

Capacity and cost restructuring measures are continuing. You have seen the announcement, today, so I will come back to them, as well. But this is an area where I must say that I'm very happy of the performance of our organization. We have done the cost cuts capacity measures exactly according to our plan. I will come back to that.

We also announced, today, the investment in a factory in Poland.

Key figures. Orders received, I'll come back to the different businesses there. Yes, 61% down from one year sounds like a huge reduction but one has to remember that we have already, for six months, said that MacGREGOR has the record order book. We don't expect any further orders, now, for some time.
The order book reduction was only 16%, so I would say that we still have a healthy order book.

Sales 7% down. Nothing dramatic.

Of course, in operating profit, especially in Hiab, we saw a real downturn. Hiab has, of course, the highest operational leverage going up and down. That’s where you have seen, also, the biggest cost cutting measures, in Hiab.

Cash flow was good during the quarter.

And let’s go to slide number four, where you can see the order intake. The green one, MacGREGOR. Yes, as I said — anticipated, not very dramatic, in my opinion. You saw the drop already from quarter three, last year, to quarter four and now staying at that level.

Hiab. Yes, reduction order intake is going down. Shorter order book puts pressure on us to restructure the organization. But, on the other hand, if you look at the figures that the major truck manufacturers give out, there is not such a dramatic drop, here. Why is that? We have to remember that only a small part of trucks have load handling equipment. And, most probably, more of the trucks with load handling equipment, today, are sold compared to the long haul trucks, because of the stimulus packages in many countries, and construction still going on.

Kalmar. Kalmar dropped. When I look at some of the comments after our results came out, they were most concentrating on Kalmar’s drop in order intake. We could see, at the beginning of the year, a real stop in order intake in Kalmar. People were not ordering anything, partly because of low utilization, partly because they were postponing orders. But, now, in the number of projects we have seen a big increase there. So I think it will normalize, come back, not to a very high level but to a good level. I’m not too worried about the performance of Kalmar, either.

Cash flow improved. Profitability was lower, as I said earlier. Cash flow from operations, anyhow, improved because they decreased the working capital.

Inventories went down in Hiab and Kalmar.

 Receivables went down by 17%.

And, as said, net working capital decreased to EUR289m during the first quarter.

Good performance shows that our real push on improving the cash flow bears fruit. I’m very happy about that, as well.

Slide number six, Hiab. The heading says restructuring continued, that’s exactly what is — what’s happening.

You will see, later, what we announced, today, about the European sales force combinization and other measures. Closing of one factory and so on.

Order intake in Hiab was low because of the demand — low demand of load handling equipment.

The restructuring measures that we have initiated have not all started to bear fruit yet, but I am extremely happy that we did them early enough — we did them in the right way. They are part of our On The Move program, to move the global footprint to make this into One Company, a much more efficient Company than you have seen before.

Kalmar. Healthy delivery volumes. Yes, new projects under discussion.

Customers are hesitant to buy but, on the other hand, the number of projects are inc — is increasing.
Profitability. I’m not too happy with the profitability in Q1, but, here, you can see that what we are doing, right now, is we are really, really lowering our inventories. That means that we are eating up of those components that we bought and ordered, last year, during the upturn when everybody was fighting how many components can you get. So, of course, there were, at that stages, material costs. So we’re eating out of those, let’s call them, expensive components. And then, after that, we should see a turn in the margin.

Lead time for Kalmar equipment six months to nine months, driver container handling container volumes. But I must say that I am optimistic about the development in Kalmer.

MacGREGOR. Solid performance. Yes, we have a big order book. We have seen only EUR60m of cancellations during Q1.

Operational leverage low, we drive up the performance of this -- of MacGREGOR, and it's going very well.

Order intake low. Nothing to worry about, in my opinion.

The market for special ships is still there. Bulk carriers, container ships extremely slow. And I don't think we will see, for a long time, any upturn on those ship types.

Service. As I said earlier, of course, the global downturn affects Service, as well. Less utilization of equipment, difficult to grow the Service. But, on the other hand, sales on comparison period level, good performance. But now Service represents 28% of our total sales and I see, still, a big potential in improving our Service business.

Often asked question about the financing structure, healthy. Liquidity EUR700m.

Unused credit facilities mainly mature in 2012, so that's an area where we don't need to worry.

Let’s come to some of the initiatives on page 11. We have said -- informed today, that we will invest in a multi-assembly unit in Poland. Why Poland? Cost reasons close to our customers -- our European customers. Remember it's still a big part of our sales go to European customers.

The first products are spreaders, spreader is the one that takes up the container from a ship or from a yard, and terminal tractors. Later, this factory will be developed into wide range of Cargotec equipment. Depends on the market, depends on how the world changes.

Poland is also starting in rented premises. Why did we start in rented premises? We start in rented premises because that's the quickest start and it's also a way of starting to train our employees. So we can start, already after the summer, to train employees in Poland so that they're fully mobile when the factory is ready.

We have also announced, today, closing of a loader crane factory, Meppel -- in Meppel in Holland. Could affect possible lay-offs, some 120 people. So the closure is under planning. Why is it under planning when we said we had four factories? About half a year ago we said that we have to close one, we have to concentrate on three. Now the factories start to be very efficient and the market is going down, so we feel that it's enough to have two factories. So that's why we are planning the closure of Meppel.

We have also expanded our production in Malaysia and Texas. That's exactly according to our global footprint plans, the way we wanted to develop the Company. We have put more effort in development of our facility. Another one in Estonia. And we have finalized stage number two of our Shanghai multi-assembly unit factory.

We also announced, today, that we are planning to combine the Hiab and Kalmar sales and service network in EMEA. EMEA is, of course, Europe, Middle East and Africa, of which Europe is the majority part. Why do we do that?
When we have analyzed, in On The Move, our country organization we have said that we combined all the back office, everything has to be as efficient as possible. Only one office per country, one organization per country. And then we did that -- we also found out that there are a lot of synergies in sales and service between Kalmar and Hiab. So that's why we made the move, now, exactly in line with our On The Move program, with our governor’s model. Now, we combine the sales and service networks in the EMEA region.

The reorganization affects 1,900 people and estimate, today, that there might be, in addition to what we have announced earlier, a reduction of 350 employees, showing more than EUR15m cost saving in 2009 -- at the running rate, sorry, for 2009, EUR15m. This is exactly in line with our One Company strategy.

Outlook. Before I go to the outlook, a few words about -- you have seen so many things, here, happening. You have seen the One Company initiative. You have seen On The Move. You have seen the closing of factories. You have seen a combining the sales forces. These are all exactly in line with the plan that we did about two years -- started to do about two years ago. We are just speeding up the process because of the lower activity in many of our areas. And I must say that I’m very proud and happy with our organization because we got huge, huge, huge pressure on our organization to do so many projects at the same time, and successfully gliding them through. And now we will see that, within this year, they will all bear fruit. We will see the cost-savings to increase efficiency.

Of course, the full fruit we will see only when the market comes up. But already, this year, we will see a good development.

Outlook. Yes, investment activity continues to be uncertain. Difficult to estimate Cargotec’s products.

Again, MacGREGOR, low order intake, this year, high deliveries, this year. Good start, even, for the following year, 2010. Nothing really to worry about. We are driving efficiency in that organization with a good volume. Cancellations, as I said, only EUR60m in Q1.

If we go to Kalmar, I’m more positive than the order -- what the order intake for Q1 shows. We have quite a number of good projects going on, there. And we have a good order book. For there, we only have to drive the organization as efficient as possible and capture all the possible sales leads that are out there.

You didn’t see many big projects being materialized in Q1. There was big reachstacker order of 62 reachstackers from the coal mine in United States, to be produced in Texas. Terminal tractors, other projects, but nothing huge and spectacular. But I’m quite positive about the development of -- both in terms of orders and operational development of Kalmar.

Hiab. Much more complicated. Very short order book. Very volatile market. The day before yesterday, I came back from China. I would actually say that, in China, you can see the first signs of recovery. There, you can say that the economy has not stopped and, in the Asian countries, mainly in China, Hong Kong, Korea, partly in Japan, also Singapore, the stimulus packages are extremely efficient, there. So, my guess is that the recovery will definitely start from that part of the world.

Going from that part of the world, Asia, US and then, last, Europe. And I hope that Europe will not lag that much behind. That’s important for all of us.

But, definitely, for Hiab Asia is, and will be, a much more important market than it has been up to today.

So, we expected the sales of Hiab to clearly decline in 2008 and I have no news about the end of 2008/2009 in Hiab.

Kalmar. We expect a decline in 2008 but, as I said, I'm fairly positive of the development in Kalmar as a business area.
We have also said that we will book restructuring costs of EUR40m this year. EUR9m of it was booked already in the first quarter and this EUR40m consists, of course, of the year – last year announced EUR16m plus an additional, about EUR24m. So the new one is EUR24m/EUR25m, that range. So, it’s not an additional EUR40m.

That may be the end of it. Market we can do very little about, but the internal measures, I'm very happy with the development of those. Thank you.

**QUESTIONS AND ANSWERS**

**Unidentified Company Representative**
Okay, ladies and gentlemen, we are now ready to start with your questions. Let’s start, here, in Helsinki. Please ask for the microphone before asking your questions.

We have here, also, Eeva Sipila, Axel [Leijonhufvud], Kari Heinisto and (inaudible).

**Unidentified Audience Member**
(Technical difficulty), do you think that you are (inaudible) something.

**Mikael Makinen - Cargotec Corporation - President and CEO**
The question is, if we have got the number -- we have got a huge number of companies, mainly service companies, and they are part of our strategy. Are we going to sell something? At least we don't have any plans, now, to sell anything. And you could see it also from this that now we are really driving together the organization. Because, you know that there'll be speculation, is Cargotec going to sell one of the three business areas, or part of it, or something. No, we are driving it into one very solid Company to get out all the efficiency of that.

**Unidentified Audience Member**
The factory in Poland, how big the factory will be? How many people are going to work there? And is there also going to build a Hiab -- a simple Hiab (inaudible)?

**Unidentified Speaker**
The number of people you have up there (inaudible).

**Mikael Makinen - Cargotec Corporation - President and CEO**
The plan is to have a factory at stage one, of 400 people -- up to 400. The plan, today, is, as I said, to assemble spreaders and terminal tractors, there, and then we will see after that.

**Unidentified Audience Member**
Okay, thanks very much.
And just a question on both -- concerning both MacGREGOR and Kalmar, both consist of quite a wide range of different product types, are there within those ranges, pockets that are completely dead and other pockets -- type of products that are doing reasonably well, still? Would we have a, uneven capacity utilization within those groups, within units.

Mikael Makinen - Cargotec Corporation - President and CEO
Okay, let's start with MacGREGOR. First of all, MacGREGOR is the easy part because all production is outsourced, so it doesn't make that much difference to us. But, as I said earlier, bulk and container ships, that's almost totally dead.

If we go to Kalmar, Pekka, do you have a view on the different pockets or different products?

Pekka Vauramo - Cargotec Corporation - Deputy CEO
There is no completely dead areas, as the question was, within Kalmar but, of course, some certain differences. And if we recall how all this started, we started this off in the US and situation, even though it's so much better right now but it's still nowhere near recovering and, of course, we are feeling some pain in our terminal tractor product line in US.

Also, some of the project businesses as the investment activities is very low, at the moment, so no decisions on major investment for the time being. So, big crane order intake is very low, at the moment. So, those two areas I would mention, at this moment.

At the same time, with the steady continuation of Service business, within Kalmar area and that is what we have expected.

Eeva Sipila - Cargotec Corporation - CFO
I think we can start with the questions from the people on the line. Operator, please.

Operator
Thank you. Ladies and gentlemen, (Operator Instructions).

The first question comes from the line of Miikka Kinnunen from Carnegie. Go ahead, please.

Miikka Kinnunen - Carnegie Investment Bank - Analyst
Hello, it's Miikka Kinnunen from Carnegie. I was just wondering the possible cost impact from the establishment of the Polish factory and what it may have on the operations in Tampere, Finland?

Mikael Makinen - Cargotec Corporation - President and CEO
The cost impact question, didn't we say --? Could you repeat the question about the cost impact? Are you talking about --?

Miikka Kinnunen - Carnegie Investment Bank - Analyst
Well, I'm talking basically about the cost savings that you aim to reach with the Polish factory and I would guess that it needs some downsizing, also, in Tampere if the volumes do not pick up.
Mikael Makinen - Cargotec Corporation - President and CEO

Of course, the reason for setting -- we have not given an exact figure on the cost saving because of the Polish set-up. But, of course, that's the main reason, that we are closer to the customer and in a lower cost country than in the Nordic countries. So that's -- definitely, that's the main aim of setting up the factory.

We have said, at first, it will be spreaders and terminal tractors that will be produced in the Polish factory. And those products are, today, produced in Tampere. So, if the market don't pick up, that's the case, yes.

Operator

The next question comes from the line of Lauri Saarela from Sofia Bank. Please go ahead.

Lauri Saarela - Sofia Capital - Analyst

Thank you. It's Lauri Saarela from Sofia Bank.

I tried this already in the last conference call and I did -- really didn't get any answer, I'll try it again. What is the fixed cost or break-even point of your businesses after all these cost reductions, mainly in Hiab?

Mikael Makinen - Cargotec Corporation - President and CEO

The -- MacGREGOR, of course, is extremely low because the operational leverage isn't that high.

Kalmar. It's also fairly low and we have a good order book.

In Hiab, we have not given an exact figure, Eeva, have we, never, no. We have not given an exact figure, but you can see on the Q1 results that it requires a lot of restructuring to manage with the downturn in the market. I'm sorry, I'm not giving you an exact figure if this is a (inaudible), so --.

Lauri Saarela - Sofia Capital - Analyst

But, given the price levels and the current volumes, when will you expect to break even, in Hiab, I mean?

Mikael Makinen - Cargotec Corporation - President and CEO

Of course, we have two things driving. When the market is going down, there's a huge pressure on prices because everybody, all the competition, everybody has a lower volume, everybody wants to have some kind of volume.

On the other hand, also the components prices are going up -- down, sorry. And there -- if you add to this that everybody is now in the most difficult situation when we are sitting with inventories of high cost components and low -- lower market price.

So, when that stabilizes, that equation, then you are coming to a better situation.

Lauri Saarela - Sofia Capital - Analyst

All right. Thank you.
Mikael Makinen - Cargotec Corporation - President and CEO

But because of the low -- because of the very short order book, it's very difficult to say. I don't know, if you know what the market does after summer, so --. Will it still go down, will it stay? I would say that it starts to stabilize, now, on a certain level. But it could very well, in a month again, continue going down.

Operator

Next question comes from the line of Tom Skogman from Handelsbanken. Please go ahead.

Tom Skogman - Handelsbanken - Analyst

Yes, hello. This is Tom Skogman from Handelsbanken. A couple of questions.

You don't say anything in your guidance regarding profitability, really, but are you still confident you can deliver a profit after the restructuring items, this year?

And, then, the second question would be on Service. What's, actually, the organic decline given your acquisitions, last year, in service companies?

Mikael Makinen - Cargotec Corporation - President and CEO

Okay. The first one, we haven't given a guidance on profitability, no, but we have neither given a guidance as we shouldn't make a profit. So, yes, yes, at this stage, we are -- I don't see any reason why we wouldn't make a profit, this year, after the restructuring.

Your second question was related to --?

Tom Skogman - Handelsbanken - Analyst

Service. The organic sales growth. I don't remember exactly when the acquisitions were done, last year, and how is this -- you said that it's grown in Kalmar but how is it in Hiab and in MacGREGOR?

Mikael Makinen - Cargotec Corporation - President and CEO

Eeva.

Eeva Sipila - Cargotec Corporation - CFO

Yes, this is Eeva Sipila. The total impact on sales from acquisitions made in the past 12 months in the first quarter was about EUR15m, not more, EUR10m/EUR15m. So, the exact breakdown, of course, was 100% service if you look back at the companies, but pretty much so, it's not -- doesn't change the picture in any dramatic way.

Operator

The next question comes from the line of Antti Suttelin from Danske Bank. Please go ahead.
Antti Suttelin - Danske Markets - Analyst
Yes. Hello. Can you hear me?

Mikael Makinen - Cargotec Corporation - President and CEO
Yes.

Antti Suttelin - Danske Markets - Analyst
Yes, this is Antti from Danske. I would have just one question.

Given all these many releases on restructuring that you have given out recently, could you just summarize how many employees did you expect to have at the end of 2009? At the end of 2008 you had 11,800 employees, so how many employees will you have at the end of this year, please?

Mikael Makinen - Cargotec Corporation - President and CEO
I'll let Eeva give the maths here for --.

Eeva Sipila - Cargotec Corporation - CFO
Okay. Well, if you remember, the last year's program, we talked about at the end of it some 1,000 people, of which, if you read our report, have left the Company. The remaining 500 will do so in the coming months.

Then on the measures initiated since the year-end, due to the continuously weak market situation. Again, they are in the report. We talk about some 700/800 people. And then, on top of that, you should then add what was announced, today, that the negotiations that will now starting in Holland and in the EMEA organization, together some 450 people.

So, adding that all up, we talk about clearly more than 2,000 people left.

Then, exactly where we are at the year-end depends, of course, on the negotiations but that's roughly the numbers we're talking about.

Antti Suttelin - Danske Markets - Analyst
Okay, so you have 2,000 people in process and probably these employees should have left, at least, at the end of 2010. Would that be a fair assessment?

Mikael Makinen - Cargotec Corporation - President and CEO
Definitely, yes.

Antti Suttelin - Danske Markets - Analyst
Thank you.
Mikael Makinen - Cargotec Corporation - President and CEO
(Inaudible) 2010.

Antti Suttelin - Danske Markets - Analyst
Yes, 2010 at the latest.

Mikael Makinen - Cargotec Corporation - President and CEO
Well before that, well before that. But, in addition to what Eeva said, we have to remember that we have started up one factory in US, how many people was that? About 50.

We have also increased the capacity in Malaysia. We have started up a new factory in [Dien Chin] with about 100 people. We have strengthened our sales forces in Asia, that’s, of course, a small number. Anything else on the plus side? No. And then comes Poland.

Antti Suttelin - Danske Markets - Analyst
Right. So, maybe 1,500 to 1,800 employees would be a total net number.

Mikael Makinen - Cargotec Corporation - President and CEO
Yes.

Antti Suttelin -Danske Markets - Analyst
Thank you.

Operator
The next question comes from the line of Johan Eliason from Cheuvreux. Please go ahead.

Johan Eliason - Cheuvreux - Analyst
Yes, hello. This is Johan Eliason, Cheuvreux. I just have a question on the net order figure in MacGREGOR. You say cancellations impact of EUR60m. Is that part of the net orders of EUR96m in the quarter or was the -- was this the basic order intake for MacGREGOR?

Mikael Makinen - Cargotec Corporation - President and CEO
Once again, you ask about if the EUR60m is part of --.
Johan Eliason - Cheuvreux - Analyst

Of the EUR96m. Was the underlying order intake EUR154m before the cancellations?

Eeva Sipila - Cargotec Corporation - CFO

The order intake number reported for MacGREGOR is the net after cancellations. So, any canc -- orders that come and then are cancelled in the same year go through order intake. Now, however, if you cancel something that was ordered in 2007 or 2008, then it goes out of the order book. But it's not netted on the quarterly order intake. So, the timing is (inaudible). But, in any case, that number is a net number.

Johan Eliason - Cheuvreux - Analyst

Okay. I suppose you haven't had that many orders ordered in Q1 and cancelled in the same quarter, so that would imply the EUR60m are only taken out of the backlog, and the EUR96m is the actual order intake for the quarter.

Eeva Sipila - Cargotec Corporation - CFO

It's so short and obviously the market situation has changed but that works, then, the full year round in the same way.

Johan Eliason - Cheuvreux - Analyst

Okay. Thanks.

Operator

The next question comes from the line of Matthew [Ristamikki] from Enskilda. Please go ahead.

Matthew Ristamikki - Enskilda - Analyst

Yes. Good afternoon or good morning. Two questions on the balance sheet.

Firstly, could you add some color of where you are in the inventory reduction program at the moment? It doesn't seem as we have had too much change since the beginning of the year.

And, secondly, could you give us a figure for how much customer advances (technical difficulty) in the Q1 balance sheet, and how much has that impacted the cash flow, i.e. net working capital change in the first quarter? Thank you.

Eeva Sipila - Cargotec Corporation - CFO

Okay. To start with the inventory reduction. We are working to further clearly reduce the inventories. There's still work in progress is relatively high in Kalmar and MacGREGOR due to the order book levels that we had at the end of March. So, we are expecting further good delivery months and hence that will help.

We're -- we have had quite good success on the components and the materials side at our factories in reducing that, but also their work continues. So there is -- everybody still has work ahead but I think the main thing is that we had quite a very good start in the first quarter now on general -- on working capital including inventories.
Then, on the second question on customer advances. No dramatic change from the year-end due to the very low new order rate. In MacGREGOR we had -- continued to have a bit more than EUR400m of advances on our balance sheet. The -- from a cash flow point of view, advances received coming in the first quarter were not really more than, roughly, EUR10m so the cash flow improvement is not due to that. It is due to the other items.

Matthew Ristamikki - Enskilda - Analyst
Okay. Thank you very much.

Operator
We have no further questions from the phone lines. Thank you.

Eeva Sipila - Cargotec Corporation - CFO
If not, I thank you all and wish you have a good day. Thank you.

Operator
Thank you for attending today’s conference. You may now replace your handsets.