Cargotec's Interim Report January–June 2010 – Orders during the second quarter increased by 55 percent year on year

Report highlights – April–June

- Orders received totalled EUR 732 (471) million, which was 55 percent more than in the comparison period.
- Order book was EUR 2,433 (31 Dec 2009: 2,149) million at the end of the reporting period.
- Sales were EUR 638 (678) million. The decline from the comparison period was 6 percent.
- Operating profit excluding restructuring costs was EUR 38.8 (3.0) million, representing 6.1 (0.4) percent of sales.
- Operating profit was EUR 37.2 (-10.0) million including EUR 1.6 (13.1) million in restructuring costs.
- Cash flow from operating activities before financial items and taxes totalled EUR 80.5 (47.2) million.
- Net income for the period amounted to EUR 21.2 (-7.3) million.
- Sales and operating profit guidance reiterated.

Report highlights – January–June

- Orders received were EUR 1,330 (928) million.
- Sales were EUR 1,193 (1,353) million.
- Operating profit was EUR 50.7 (-3.9) million, representing 4.2 (-0.3) percent of sales.
- Cash flow from operating activities before financial items and taxes totalled EUR 127.0 (106.8) million.
- Net income for the period amounted to EUR 31.0 (-5.8) million.

	4–6/2010	**4–6/2009**	**1–6/2010**	**1–6/2009**
Orders received, MEUR	732	471	1,330	928
Sales, MEUR	638	678	1,193	1,353
Operating profit excl. restructuring costs, MEUR	38.8	3.0	54.6	18.0
Operating profit excl. restructuring costs, %	6.1	0.4	4.6	1.3
Operating profit, MEUR	37.2	-10.0	50.7	-3.9
Net income, MEUR	21.2	-7.3	31.0	-5.8
Earnings per share, EUR	0.32	-0.12	0.45	-0.11

Cargotec's President and CEO Mikael Mäkinen:
"The recovery in the market environment continued. We are delighted by the number of new orders obtained by our Industrial and Marine businesses during the second quarter while Terminal business was still rather sluggish. The value of orders secured during the second quarter increased by 55 percent year on year – a level we last achieved in the second half of 2008. Our investments in technology provide new cargo handling solutions to the market, i.e. during the second quarter we signed a major contract for the delivery of electric-driven ship cranes. The profitability of Industrial & Terminal segment turned positive during the second quarter, whilst the relative profitability of Marine continued to be exceptionally high", affirms President and CEO Mikael Mäkinen.

Press conference for analysts and media

Cargotec Corporation will publish its January–June 2010 Interim Report on Wednesday 21 July 2010 at 12:00 pm (EEST). The interim report will be available on www.cargotec.com after publishing.

A press conference for analysts and media will be combined with an international telephone conference and arranged on the publishing day at 1:00 pm (EEST) at Cargotec's head office, Sörnäisten rantatie 23, Helsinki. The event will be held in English. The interim report will be presented by President and CEO Mikael Mäkinen. The presentation material will be available on www.cargotec.com by 1:00 pm (EEST).

The telephone conference, during which questions may be presented, may be accessed at the following numbers ten minutes before the beginning of the event: US callers +1 334 323 6201, non-US callers +44 20 7162 0025, access code Cargotec/869769.

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

A replay of the conference will be available for two days until midnight on 23 July 2010, in the following numbers: US callers +1 888 365 0240, non-US callers +44 20 7031 4064, access code 869769.

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Cargotec improves the efficiency of cargo flows on land and at sea – wherever cargo is on the move. Cargotec's daughter brands, Hiab, Kalmar and MacGregor are recognised leaders in cargo and load handling solutions around the world. Cargotec's global network is positioned close to customers and offers extensive services that ensure the continuous, reliable and sustainable performance of equipment. Cargotec's sales totalled EUR 2.6 billion in 2009 and it employs approximately 9,500 people. Cargotec's class B shares are quoted on the NASDAQ OMX Helsinki. www.cargotec.com

Operating environment
The recovery in demand for load handling equipment continued during the second quarter. However, market pickup varied from region to region and from one customer segment to another. In particular, demand for loader cranes, truck-mounted forklifts and forklift trucks as well as tail lifts picked up compared both to the previous quarter and the same period last year. This demand was boosted by the revival of industrial production and private consumption.

Demand for container handling equipment in ports was still showing only tentative signs of recovery, despite the increasing number of containers handled in particular in the Asian ports, as well as the improved container traffic forecasts for year 2010. Whilst the second quarter saw the first orders for large equipment after several sluggish quarters, project demand still remained rather modest, causing price pressure on the markets.

The market for marine cargo handling equipment picked up more than expected, especially in terms of equipment for bulk and offshore vessels. In addition, the increase in demand for RoRo equipment continued. The amount of order cancellations for marine cargo handling equipment was low in the first half. In addition, shipyards succeeded in reselling capacity freed up by cancellations, which reflected positively in new orders received by equipment suppliers.

The services markets were fairly quiet at the beginning of the year, but signs of recovery became visible during the second quarter, especially in spare parts. However, an improvement in customers' capacity utilisation rates should feed through into demand for cargo handling services.

Orders received and order book
Orders received during the second quarter totalled EUR 732 (471) million, which was 55 percent more than in the comparison period. Previously received orders by Marine for EUR 22 million were cancelled, and were removed from the order book.

Orders received in January–June totalled EUR 1,330 (928) million, 43 percent higher than a year before. During the first half, order cancellations totalled EUR 48 million in Marine.

At the end of the first half, the order book totalled EUR 2,433 (31 Dec 2009: 2,149) million, which was 13 percent higher than at the end of 2009.

Orders received by reporting segment

MEUR	4-6/2010	4-6/2009	Change	1-6/2010	1-6/2009	Change	1-12/2009
Industrial & Terminal	423	317	34%	839	677	24%	1,260
Marine	309	155	99%	492	251	96%	569
Internal orders	0	0		0	0		-1
Total	**732**	**471**	**55%**	**1,330**	**928**	**43%**	**1,828**

Industrial & Terminal's orders received during the second quarter totalled EUR 423 (317) million, 34 percent higher than a year before. The value of orders increased in particular in Industrial business in Americas. Orders secured mainly included small individual orders. When comparing the total value of orders secured during the second quarter with that of the first quarter, it should be noted that a large individual order worth USD 110 million for rough terrain container handlers was booked during the first quarter. Orders received in January–June totalled EUR 839 (677) million.

During the second quarter, Industrial & Terminal received an order for two ship-to-shore cranes from Turkey and an order for six zero emission E-One rubber-tyred gantry cranes (RTG) from Vietnam. A Russian port operator ordered six RTGs and 10 terminal tractors. In addition, an order worth more than EUR 10 million for truck-mounted forklifts was received from a company specialising in home improvement.

During the first quarter, Industrial & Terminal received new orders worth USD 110 million for rough terrain container handlers from Tank-Automotive Armament Command (TACOM), part of the US Department of Defence. The orders were received under a five-year production contract signed in 2008. Orders received under this contract now total approximately USD 350 million.

Industrial & Terminal's order book at the end of June totalled EUR 740 (31 Dec 2009: 546) million, which was 36 percent higher than at the end of 2009.

Marine's orders received during the second quarter accounted for EUR 309 (155) million, 99 percent more than in the comparison period. The value of the orders was higher than anticipated due to the fact that shipyards managed to resell their capacity vacated due to cancellations and postponements, and to start building new bulk ships with a short delivery time. Orders were received for cranes and hatch covers for bulk ships in particular, as well as for offshore cranes. Orders received during the first half totalled EUR 492 (251) million.

During the second half, Marine received a EUR 20 million order for subsea load and module handling systems from Singapore as well as orders worth EUR 20 million for cranes and hatch covers for bulk carriers from a Chinese shipyard. These orders comprise 68 cranes and design and key components for hatch covers for 26 vessels. Moreover, Marine received a EUR 20 million order for electric-drive cranes for six general cargo vessels from a Korean shipyard.

During the first quarter, Marine received an order for two knuckle-jib cranes from Singapore. The value of this order was approximately EUR 12 million. These active heave compensated cranes will be installed on an ultra-deepwater supply vessel and self-propelled accommodation barge. In addition, Marine will deliver an active heave compensated knuckle-jib crane for an offshore vessel being built in the Netherlands.

Orders for container lashings, hatch covers and RoRo equipment were also received during the reporting period. A Korean shipyard ordered lashings for 17 mega container ships. Lashings will also be delivered for 13 container ships owned by a Canadian shipowner. Hatch covers for six bulk ships under construction at a Korean shipyard will be delivered in 2011. This contract follows an order from December 2009 for 24 cranes on the same vessels. Moreover, a contract was signed for RoRo equipment for six vessels, and self-unloading systems will be delivered for three cement carriers for an Indian customer. In addition, an order was signed for a fuel receiving system for a Singaporean power plant.

Marine's order book at the end of the first half totalled EUR 1,694 (31 Dec 2009: 1,604) million. Close to 70 percent of the order book is bulk, general cargo and container ship-related. Offshore support vessels-related orders comprise more than 10 percent of the order book. Orders cancelled in January–June, EUR 48 million, were removed from the order book.

Services orders received in January–June increased by a quarter from the comparison period. Although a large number of small contracts typical of the service business were signed, customers further delayed decision-making related to major contracts. Major service orders received during the period included three-year full service contracts for RoRo equipment for 25 vessels from Grimaldi Group and agreements for conversions of RoRo equipment on five Ropax vessels from the Swedish Stena Line. In addition, a refurbishment project for a cement ship unloader was received from a Singaporean cement terminal.

Sales

Second quarter sales declined 6 percent from the comparison period and totalled EUR 638 (678) million. Sales grew from the first quarter by 15 percent.

January–June sales decreased 12 percent from the comparison period and amounted to EUR 1,193 (1,353) million. In terms of sales, EMEA (Europe, Middle East, Africa) was the largest market, its share being 42 (50) percent of consolidated sales. The Americas' share of sales was 18 (16) and that of Asia Pacific 40 (33) percent.

Sales by reporting segment

MEUR	4-6/2010	4-6/2009	Change	1-6/2010	1-6/2009	Change	1-12/2009
Industrial & Terminal	362	421	-14%	676	878	-23%	1,573
Marine	277	257	8%	518	475	9%	1,009
Internal sales	0	0		0	-		-1
Total	**638**	**678**	**-6%**	**1,193**	**1,353**	**-12%**	**2,581**

Industrial & Terminal's sales for the second quarter totalled EUR 362 (421) million, which was 14 percent less than a year before. Sales grew from the first quarter by 15 percent.

Industrial & Terminal's sales for January–June were EUR 676 (878) million, 23 percent lower than in the comparison period. At the beginning of the year, sales were burdened by a low order book. In addition, changes in cranes required by the EU Machinery Directive were executed at the beginning of the year in parallel with transfers of production between assembly factories. Delivery volumes grew during the second quarter as production was ramped up.

Marine's sales for the second quarter totalled EUR 277 (257) million, representing 8 percent growth on the comparison period. Growth from the first quarter was 15 percent. January–June sales for Marine were EUR 518 (475) million, which was 9 percent more that in the comparison period. This sales growth was the result of the strong order book and successful project deliveries.

Services sales during the second quarter amounted to EUR 179 (166) million starting to gradually reflect a recovery of the service market. Services sales amounted to EUR 125 (113) million at Industrial & Terminal and at Marine EUR 54 (53) million.

In January–June, services sales amounted to EUR 337 (341) million, representing 28 (25) percent of total sales. Services sales amounted to EUR 238 (233) million at Industrial & Terminal, representing 35 (27) percent of the reporting segment's sales. Services sales at Marine amounted to EUR 98 (108) million, which was 19 (23) percent of its sales.

Financial result

The operating profit for the second quarter increased clearly from the comparison period totalling EUR 37.2 (-10.0) million. Operating profit includes EUR 1.6 (13.1) million in restructuring costs, of which EUR 0.4 (12.2) million are related to Industrial & Terminal, EUR 0.2 (-) million to Marine and EUR 1.0 (0.9) million to corporate functions.

Operating profit for the second quarter, excluding restructuring costs, was EUR 38.8 (3.0) million, representing 6.1 (0.4) percent of sales. Operating profit for Industrial & Terminal, excluding restructuring costs, was EUR 7.4 (-6.3) million and EUR 43.7 (23.3) million for Marine.

The consolidated operating profit for January–June totalled EUR 50.7 (-3.9) million, representing 4.2 (-0.3) percent of sales. Operating profit includes EUR 3.9 (21.9) million in restructuring costs, of which EUR 2.0 (20.5) million are related to Industrial & Terminal, EUR 0.3 (-) million to Marine and EUR 1.6 (1.4) million to corporate functions. Operating profit for January–June, excluding restructuring costs, tripled compared to previous year and totalled EUR 54.6 (18.0) million. Operating profit for Industrial & Terminal, excluding restructuring costs, was EUR 0.1 (-0.7) million and EUR 78.0 (41.7) million for Marine.

Industrial & Terminal's first half operating profit was burdened by low volumes. In addition, profitability was hampered by additional costs related to challenges in ramping-up production. Thanks to improved volumes, Industrial & Terminal's profitability grew towards the end of the first half. Marine's deliveries during the first half were still related to exceptionally high-margin orders received in the earlier upturn. Restructuring measures executed also improved profitability.

Net financing expenses were EUR -7.9 (-8.7) million for the second quarter and EUR -14.6 (-14.0) million for the first half.

Net income for the second quarter was EUR 21.2 (-7.3) million and earnings per share EUR 0.32 (-0.12). Net income for the first half totalled EUR 31.0 (-5.8) million and earnings per share EUR 0.45 (0.11).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 2,913 (31 Dec 2009: 2,687) million at the end of the first half. Equity attributable to the equity holders was EUR 950 (871) million, representing EUR 15.49 (14.20) per share. Tangible assets on the balance sheet were EUR 310 (301) million and intangible assets EUR 830 (784) million. The total equity/total assets ratio increased to 38.0 (37.5) percent.

Return on equity (ROE) for January–June was 6.8 (-1.4) percent and return on capital employed (ROCE) 6.8 (-0.4) percent.

Cash flow from operating activities before financial items and taxes for the first half was EUR 127.0 (106.8) million. Net working capital decreased and at the end of June it was EUR 96 (31 Dec 2009: 123) million.

Cargotec's liquidity is healthy. The dividend payment totalled EUR 27.7 (37.1) million in January–June.

Net debt on 30 June 2010 was EUR 308 (31 Dec 2009: 335) million, including EUR 613 (612) million in interest-bearing debt. Gearing fell to 32.3 (38.0) percent.

Cargotec's financing structure is healthy. Interest-bearing debt consists mainly of long-term corporate bonds maturing from the year 2012. Cargotec had EUR 585 million of unused long-term credit facilities at the end of the reporting period.

New products and product development
Research and product development expenditure in January–June was EUR 19.7 (19.3) million, representing 1.7 (1.4) percent of sales.

During the reporting period, integration testing of automatic stacking cranes with customer's terminal systems was finalised in the Hamburg CTB terminal and the first three cranes were handed over to the customer. New products were introduced to the market, such as a new empty container handler, which meets the strictest requirements for energy efficiency and ergonomics, and a new truck-mounted forklift with a telescopic boom that allows easier loading and unloading. Cargotec also continued product development projects to meet the new Machine Directive 2006/42/EC safety regulations. In addition, the launch of the EcoService concept in February will aim at bringing new levels of cost efficiency, productivity and reliability to terminal customers' operations. Furthermore, three new hooklifts were introduced in the demountable product family.

In March, Cargotec signed an agreement with the multinational Ros Roca Environment, according to which Cargotec will undertake the representation of Dennis Eagle and Ros Roca waste compactors for refuse collection vehicles in Finland, Sweden and Norway. This cooperation comprises sales, marketing and service.

Cargotec has designed an innovative vehicle transfer system for the US Navy to transfer military vehicles including tanks between ships at sea. Sea trials were successfully completed during the first quarter. The aim is to provide the US military with the capability for large-scale logistics movements from sea to shore without dependency on foreign ports.

Capital expenditure
Capital expenditure for the first half, excluding acquisitions and customer financing, totalled EUR 28.0 (41.9) million. Investments in customer financing were EUR 5.9 (13.7) million. Depreciation for the first half amounted to EUR 29.1 (27.5) million.

In 2009, Cargotec made the decision to invest in a multi-assembly unit (MAU) in Stargard Szczecinski in Northern Poland. Production began in rented premises at the end of the third quarter of 2009. Transfer from rented premises to Cargotec's own premises at a new site began at the end of the second quarter of 2010, and finalising of the investment will continue during the third quarter. The cash flow impact of the investment cost was EUR 9 million for the first half.

Acquisitions and disposals
In March, Cargotec signed a letter of intent to acquire the remaining 25 percent minority share holding in MacGREGOR-Kayaba Ltd in Japan. The transaction was closed in May, and subsequent the transaction, Cargotec owns all the shares in the company.

In January, Cargotec sold its US-based hydraulic cylinders manufacturing business Waltco Hydraulics to Ligon Industries, LLC. Waltco Hydraulics, situated in Ohio, was part of Waltco Lift Corp. belonging to the Industrial & Terminal business area at Cargotec. Waltco Hydraulics employed 25 people.

Personnel
Cargotec employed 9,607 (31 Dec 2009: 9,606) people at the end of the second quarter. Industrial & Terminal employed 7,009 (6,989) people, Marine 2,173 (2,286) and corporate-level support functions 425 (331). The average number of employees for the first half was 9,509 (11,308).

At the end of the second quarter, 19 (19) percent of Cargotec's total employees were located in Sweden, 11 (12) percent in Finland and 31 (31) percent in the rest of Europe. North and South American personnel represented 11 (11) percent, Asia Pacific 25 (26) percent and the rest of the world 3 (2) percent of total employees.

Adjusting capacity to demand and other restructuring measures
Capacity adjustments and other restructuring measures that began in 2008 were finalised during the first quarter 2010. As a result, the number of employees fell by approximately 3,200: some 2,860 in Industrial & Terminal, 350 in Marine and 10 in group administrative functions.

Restructuring initiatives, including structural capacity adjustment measures, were estimated to create total annual cost savings exceeding EUR 150 million. This savings estimate includes all cost structure streamlining actions announced since the beginning of 2008. By end of the first quarter, the running rate of savings achieved was EUR 150 million.

Changes in the organisation and management
Cargotec's governance model was further developed, resulting in changes in the responsibilities of three Executive Board members as of 1 April 2010. Pekka Vauramo was appointed Chief Operating Officer (COO) and will continue as Deputy to CEO. In his new role, Mr Vauramo is responsible for Cargotec's three business areas and three regions.

As of 1 April 2010 Cargotec's businesses was reorganised into three business areas: Marine, Industrial & Terminal and Services. As announced earlier, Cargotec's financial reporting is based on two reporting segments: Marine and Industrial & Terminal. In financial reporting, the Services business is included in the figures of these two reporting segments, while its sales will continue to be reported as additional information.

The development of services in both Marine and Industrial & Terminal segments is driven by a joint Services organisation. Stefan Gleuel was appointed Executive Vice President, Services. Unto Ahtola was appointed to lead the Industrial & Terminal business area as Executive Vice President.

Other members of the Cargotec Executive Board are: Mikael Mäkinen, President and CEO; Olli Isotalo, Executive Vice President, Marine business area; Axel Leijonhufvud, Executive Vice President, Supply; Eeva Sipilä, Executive Vice President, Chief Financial Officer; Kirsi Nuotto, Executive Vice President, HR and Communications; Matti Sommarberg, Executive Vice President, Chief Technology Officer; Harald de Graaf, Executive Vice President, EMEA region; Ken Loh, Executive Vice President, Asia Pacific region and Lennart Brelin, Executive Vice President, Americas region.

Senior Executive Vice President, Kari Heinistö, and Executive Vice President of Hiab business area, Pekka Vartiainen, left the Executive Board in January.

Annual General Meeting

Decision taken at Cargotec Corporation's Annual General Meeting

Cargotec Corporation's Annual General Meeting (AGM) was held on 5 March 2010 in Helsinki. The AGM approved the financial statements and consolidated financial statements and granted discharge from liability to the President and CEO and the members of the Board of Directors for the accounting period 1 January–31 December 2009.

The AGM approved a dividend of EUR 0.39 per class A share and EUR 0.40 per class B share outstanding be paid.

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

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

Stock options

The AGM confirmed that stock options will be issues to the key personnel of Cargotec and its subsidiaries. The maximum total number of stock options issued will be 1,200,000 and the stock options entitle their owners to subscribe for a maximum total of 1,200,000 new class B shares in Cargotec or existing class B shares held by the Company. The share subscription price will be based on the volume weighted average price of the Company's class B share on the NASDAQ OMX Helsinki Ltd. during two full weeks following the AGM in 2010, 2011 and 2012.

More information about stock options follows in the section "Shares and trading, Stock options".

Authorisations granted by the Annual General Meeting

The AGM authorised the Board of Directors to decide on repurchasing of own shares with non-restricted equity. The shares may be repurchased in order to develop the capital structure of the Company, to finance or carry out possible acquisitions, to implement the Company's share-based incentive plans, to be transferred for other purposes or to be cancelled. Altogether no more than 6,400,000 own shares may be purchased, of which no more than 952,000 are class A shares and 5,448,000 are class B class. The above mentioned amounts include the 2,959,487 class B shares repurchased during 2005–2008 in Company's possession on the AGM date.

In addition, the AGM authorised the Board to decide on issuance of a maximum of 6,400,000 treasury shares, of which no more than 952,000 are class A shares and 5,448,000 are class B shares, in one or more lots. The share issue can be directed and it is to be used to as compensation in acquisitions and in other arrangements, to finance acquisitions or for personnel incentive purposes. The Board of Directors has also the right to decide on the transfer of the shares in public trading in the NASDAQ OMX Helsinki Ltd. according to its rules and regulations. The Board of Directors was also authorised to decide on other conditions of the share issue.

Both authorisations shall remain in effect for a period of 18 months from date of decision of the AGM.

Organisation of the Board of Directors
The Board of Directors elected Ilkka Herlin to continue as Chairman of the Board and Tapio Hakakari as Deputy Chairman. Outi Aaltonen, Senior Vice President, Cargotec's General Counsel, was elected as Secretary to the Board of Directors.

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

Shares and trading
Share capital
Cargotec's share capital on 30 June 2010 totalled EUR 64,304,880. There were no changes in the share capital in January–June. On 30 June 2010, the number of class B shares listed on the NASDAQ OMX Helsinki Ltd. was 54,778,791 while that of unlisted class A shares totalled 9,526,089.

Own shares
At the end of the reporting period, Cargotec held a total of 2,959,487 own class B shares. The shares were repurchased in 2005–2008.

The Board of Directors decided to exercise the authorisation conferred by the AGM held on 5 March 2010, to acquire own shares. No own shares were repurchased during the first half of 2010.

Share-based incentive programme
On 5 March 2010, the Board of Directors decided to establish a new share-based incentive programme for Cargotec Executives. The programme includes three earnings periods, each of them lasting for three calendar years, and they commence in 2010, 2011 and 2012. The Board of Directors will decide on the earnings criteria and on targets to be established for them, as well as the maximum amount of the payable reward for each earning period. The earnings criteria for the earning period 2010–2012 are Cargotec's operating profit margin and sales of the fiscal year 2012.

The potential reward will be paid partly as Cargotec's class B shares and partly in cash in 2013, 2014 and 2015. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward. The rewards to be paid on the basis of the earning period 2010–2012 will correspond to the approximate value of a maximum total of 100,000 Cargotec class B shares (including also the proportion to be paid in cash).

The remaining earning periods 2010 and 2011 of the former share-based incentive programme 2007–2011 were not commenced as the new programme replacing the current programme was implemented as from the beginning of 2010. On the basis of the former programme, a total of 31,356 class B shares were paid as reward to key personnel for the first earning period 2007–2008. No rewards were paid for the second earning period 2009 as the targets established for the earnings criteria were not attained. A total of 387,500 series B shares were initially reserved for the programme.

Stock options

The AGM confirmed that stock options will be issues to the key personnel of Cargotec and its subsidiaries. The target group of the programme is approximately 60 persons including the members of Cargotec Executive Board. The share subscription period for stock options 2010A, will be 1 April 2013–30 April 2015, for stock options 2010B, 1 April 2014–30 April 2016 and for stock options 2010C, 1 April 2015–30 April 2017.

The beginning of the share subscription period requires attainment of targets established for a performance criterion determined by the Board of Directors annually. Those stock options, for which the targets have not been attained, will expire. The Board of Directors has decided that if the operating profit of the financial year 2010 is below EUR 100 million, the share subscription period with stock options 2010A will not commence; if the operating profit of the financial year 2010 is at least EUR 100 million but below EUR 120 million, the share subscription period will commence with half of the stock options 2010A; if the operating profit of the financial year 2010 is EUR 120 million or above, the share subscription period will commence with all of the stock options 2010A. The share subscription price for stock option 2010A is EUR 21.35/share.

Market capitalisation and trading

At the end of the second quarter, the total market value of class B shares was EUR 1,117 million, excluding treasury shares held by the Company. The period-end market capitalisation, in which unlisted class A shares are valued at the average price of class B shares on the last trading day of the reporting period, was EUR 1,324 million, excluding treasury shares held by the Company.

The class B share closed at EUR 21.55 on 30 June 2010. The volume weighted average share price in January–June was EUR 21.78, the highest quotation being EUR 26.27 and the lowest EUR 19.16. In January–June, approximately 24 million class B shares were traded on the NASDAQ OMX Helsinki Ltd., corresponding to a turnover of approximately EUR 529 million.

Short-term risks and uncertainties

Despite the signs of recovery in the world economy, its development is still characterised by uncertainty. In particular, this uncertainty surrounds the pace of the recovery in investments in port container handling equipment. Improvements in the sales and profitability of Terminal business may be affected by possible postponements of investments. During the year underway, developments in customers' capacity utilisation rates will have an effect on demand and development of services.

In view of the prevailing uncertainty, Cargotec monitors, and continues seeking to proactively manage, both customer and supplier risks, which may have a detrimental effect through credit losses or delivery chain problems.

Cargotec still estimates that approximately EUR 300 million of Marine's order book involves a risk of cancellation. However, the likelihood of such cancellations materialising decreased substantially during the second quarter, and the risk mainly relates to deliveries in the coming years. Overcapacity in shipping decreased during the first half, but there is still a risk of shipowners reappraising the need to cancel ordered vessels or postpone deliveries.

Outlook

Cargotec continues to estimate 2010 consolidated sales to be on 2009 level for both Industrial & Terminal and Marine segments and consolidated operating profit to exceed EUR 100 million. The recovery in the market environment and the resulting growth in order volumes support growth in Industrial. The sales of Terminal are expected to fall short of 2009 levels due to the slower recovery of these markets, as second half orders will have a minor effect on full-year sales due to delivery times. Based on the healthy first half development, strong order book and new orders received still to be delivered during 2010, sales in Marine will reach year 2009 level.

Financial calendar 2010

Interim Report January–September 2010, on Wednesday, 27 October 2010

Helsinki, 21 July 2010
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Condensed consolidated statement of income

MEUR	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Sales	**638.3**	**677.9**	**1,193.4**	**1,352.8**	**2,580.9**
Cost of goods sold	-502.4	-578.7	-950.9	-1,144.3	-2,158.7
Gross profit	**135.8**	**99.2**	**242.5**	**208.5**	**422.2**
Gross profit, %	*21.3*	*14.6*	*20.3*	*15.4*	*16.4*
Costs and expenses	-97.3	-96.1	-188.2	-190.5	-361.6
Restructuring costs	-1.6	-13.1	-3.9	-21.9	-61.1
Share of associated companies' and joint ventures' net income	0.2	-0.1	0.3	0.0	0.8
Operating profit	**37.2**	**-10.0**	**50.7**	**-3.9**	**0.3**
Operating profit, %	*5.8*	*-1.5*	*4.2*	*-0.3*	*0.0*
Financing income and expenses	-7.9	-8.7	-14.6	-14.0	-27.0
Income before taxes	**29.3**	**-18.8**	**36.2**	**-17.9**	**-26.7**
Income before taxes, %	*4.6*	*-2.8*	*3.0*	*-1.3*	*-1.0*
Taxes	-8.2	11.5	-5.1	12.1	33.9
Net income for the period	**21.2**	**-7.3**	**31.0**	**-5.8**	**7.1**
Net income for the period, %	*3.3*	*-1.1*	*2.6*	*-0.4*	*0.3*
Net income for the period attributable to:					
Equity holders of the Company	19.7	-7.6	27.5	-6.9	3.1
Non-controlling interest	1.5	0.4	3.5	1.1	4.0
Total	**21.2**	**-7.3**	**31.0**	**-5.8**	**7.1**
Earnings per share for profit attributable to the equity holders of the Company:					
Basic earnings per share, EUR	0.32	-0.12	0.45	-0.11	0.05
Diluted earnings per share, EUR	0.32	-0.12	0.45	-0.11	0.05

Consolidated statement of comprehensive income

MEUR	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Net income for the period	**21.2**	**-7.3**	**31.0**	**-5.8**	**7.1**
Gain/loss on cash flow hedges	1.4	21.1	9.0	-34.4	6.9
Gain/loss on cash flow hedges transferred to statement of income	-5.2	14.0	-4.0	36.6	36.2
Translation differences	46.4	-17.4	94.9	-13.7	20.5
Taxes relating to components of other comprehensive income	-3.6	-5.8	-20.1	2.1	-14.6
Comprehensive income for the period	**60.1**	**4.7**	**110.8**	**-15.2**	**56.1**
Comprehensive income for the period attributable to:					
Equity holders of the Company	57.5	4.1	105.7	-15.8	52.1
Non-controlling interest	2.6	0.6	5.0	0.6	4.0
Total	**60.1**	**4.7**	**110.8**	**-15.2**	**56.1**

Condensed consolidated statement of financial position

ASSETS, MEUR	30 Jun 2010	30 Jun 2009	31 Dec 2009
Non-current assets			
Intangible assets	830.1	765.1	784.3
Tangible assets	309.8	296.7	301.2
Loans receivable and other interest-bearing assets 1)	8.6	7.4	7.4
Investments	10.6	8.5	9.0
Non-interest-bearing assets	164.0	119.8	131.0
Total non-current assets	**1,323.1**	**1,197.5**	**1,233.0**
Current assets			
Inventories	665.9	744.3	609.3
Loans receivable and other interest-bearing assets 1)	4.2	1.5	2.9
Accounts receivable and other non-interest-bearing assets	623.4	651.7	575.6
Cash and cash equivalents 1)	291.5	148.1	266.6
Total current assets	**1,584.9**	**1,545.6**	**1,454.5**
Assets held for sale	**4.9**	**-**	**-**
Total assets	**2,912.9**	**2,743.1**	**2,687.4**

EQUITY AND LIABILITIES, MEUR	30 Jun 2010	30 Jun 2009	31 Dec 2009
Equity			
Equity attributable to the equity holders of the Company	950.1	803.0	870.8
Non-controlling interest	3.6	8.7	10.6
Total equity	**953.8**	**811.8**	**881.5**
Non-current liabilities			
Loans 1)	546.1	536.6	511.2
Deferred tax liabilities	29.3	36.5	29.7
Provisions	25.1	21.6	19.0
Pension obligations and other non-interest-bearing liabilities	81.6	119.7	94.7
Total non-current liabilities	**682.0**	**714.4**	**654.7**
Current liabilities			
Loans 1)	85.2	73.8	83.0
Provisions	47.4	71.9	66.2
Advances received	401.9	396.6	339.0
Accounts payable and other non-interest-bearing liabilities	742.6	674.6	663.0
Total current liabilities	**1,277.1**	**1,216.9**	**1,151.3**
Total equity and liabilities	**2,912.9**	**2 ,743.1**	**2,687.4**

1) Included in interest-bearing net debt. In addition, the calculation of the interest-bearing net debt includes the hedging of cross-currency risk relating to the USD 300 million Private Placement bond, totalling on 30 June 2010, EUR -18.7 (30 Jun 2009: 13.5 and 31 Dec 2009: 17.5) million.

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Translation differences	Fair value reserves	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to the equity holders of the Company							
Equity on 1 Jan 2009	64.3	98.0	-20.4	-54.6	768.0	855.3	9.1	864.4
Comprehensive income for the period*			-10.5	1.6	-6.9	-15.7	0.6	-15.2
Dividends paid					-36.7	-36.7	-0.4	-37.1
Shares subscribed with options	0.0	0.0				0.0		0.0
Share-based incentives, value of received services *					0.1	0.1		0.1
Other changes							-0.5	-0.5
Equity on 30 June 2009	**64.3**	**98.0**	**-30.9**	**-52.9**	**724.5**	**803.0**	**8.7**	**811.8**
Equity on 1 Jan 2010	64.3	98.0	-1.1	-24.9	734.6	870.9	10.6	881.5
Comprehensive income for the period*			75.4	2.8	27.5	105.7	5.0	110.8
Dividends paid					-24.4	-24.4	-1.8	-26.3
Share-based incentives, value of received services *					0.2	0.2		0.2
Other changes					-2.2	-2.2	-10.2	-12.3
Equity on 30 June 2010	**64.3**	**98.0**	**74.3**	**-22.1**	**735.6**	**950.1**	**3.6**	**953.8**

* Net of tax

Key figures

		1-6/2010	1-6/2009	1-12/2009
Equity/share	EUR	15.49	13.09	14.20
Interest-bearing net debt	MEUR	308.3	466.8	334.8
Total equity/total assets	%	38.0	34.6	37.5
Gearing	%	32.3	57.5	38.0
Return on equity	%	6.8	-1.4	0.8
Return on capital employed	%	6.8	-0.4	0.2

Condensed consolidated statement of cash flows

MEUR	1-6/2010	1-6/2009	1-12/2009
Net income for the period	31.0	-5.8	7.1
Depreciation and impairments	29.1	27.5	60.0
Other adjustments	19.7	1.9	-7.6
Change in working capital	47.2	83.2	230.2
Cash flow from operations	**127.0**	**106.8**	**289.7**
Cash flow from financial items and taxes*	-32.0	-12.7	-25.5
Cash flow from operating activities	**95.0**	**94.1**	**264.2**
Acquisitions	-11.3	-2.9	-7.6
Cash flow from investing activities, other items	-23.5	-43.1	-79.6
Cash flow from investing activities	**-34.9**	**-46.0**	**-87.2**
Proceeds from share subscriptions	0.0	-	0.0
Acquisition of treasury shares	0.0	0.0	0.0
Proceeds from long term borrowings	0.0	96.8	100.6
Repayments of long term borrowings	-3.2	-0.7	-4.2
Proceeds from short term borrowings	1.2	3.8	16.5
Repayments of short term borrowings	-15.9	-42.3	-46.9
Dividends paid	-27.7	-37.1	-37.4
Cash flow from financing activities	**-45.6**	**20.3**	**28.6**
Change in cash	**14.6**	**68.5**	**205.6**
Cash, cash equivalents and bank overdrafts at the beginning of period	252.5	45.9	45.9
Effect of exchange rate changes	0.0	0.6	0.9
Cash, cash equivalents and bank overdrafts at the end of period	**267.0**	**115.0**	**252.5**
Bank overdrafts at the end of period	24.5	33.1	14.2
Cash and cash equivalents at the end of period	**291.5**	**148.1**	**266.6**

* Cash flow from financial items and taxes include EUR 0.2 (1-12/2009: 0.1) million capitalised interests.

Segment reporting

Sales, MEUR	**1-6/2010**	**1-6/2009**	**1-12/2009**
Industrial & Terminal	676	878	1,573
Marine	518	475	1,009
Internal sales	0	0	-1
Total	**1,193**	**1,353**	**2,581**

Operating profit, MEUR	**1-6/2010**	**1-6/2009**	**1-12/2009**
Industrial & Terminal	0.1	-0.7	-10.3
Marine	78.0	41.7	105.2
Corporate administration and support functions	-23.6	-23.0	-33.5
Operating profit excluding restructuring costs	**54.6**	**18.0**	**61.3**
Restructuring costs:			
Industrial & Terminal	2.0	20.5	43.2
Marine	0.3	-	1.9
Corporate administration and support functions	1.6	1.4	15.9
Total restructuring costs	**3.9**	**21.9**	**61.1**
Total	**50.7**	**-3.9**	**0.3**

Operating profit, %	**1-6/2010**	**1-6/2009**	**1-12/2009**
Industrial & Terminal	0.0 *	-0.1 *	-0.7 *
Marine	15.1 *	8.8	10.4 *
Cargotec, operating profit excluding restructuring costs	4.6 *	1.3 *	2.4 *
Cargotec	4.2	-0.3	0.0

* Excluding restructuring costs.

Sales by geographical area, MEUR	**1-6/2010**	**1-6/2009**	**1-12/2009**
EMEA	498	680	1,193
Americas	213	223	457
Asia Pacific	482	450	931
Total	**1,193**	**1,353**	**2,581**

Sales by geographical area, %	**1-6/2010**	**1-6/2009**	**1-12/2009**
EMEA	41.7	50.3	46.2
Americas	17.8	16.5	17.7
Asia Pacific	40.4	33.2	36.1
Total	**100.0**	**100.0**	**100.0**

Orders received, MEUR	1-6/2010	1-6/2009	1-12/2009
Industrial & Terminal	839	677	1,260
Marine	492	251	569
Internal orders received	0	0	-1
Total	**1,330**	**928**	**1,828**

Order book, MEUR	30 Jun 2010	30 Jun 2009	31 Dec 2009
Industrial & Terminal	740	652	546
Marine	1,694	1,903	1,604
Internal order book	-	0	0
Total	**2,433**	**2,555**	**2,149**

Capital expenditure, MEUR	1-6/2010	1-6/2009	1-12/2009
In fixed assets (excluding acquisitions)	28.0	41.6	86.9
In leasing agreements	0.0	0.3	0.9
In customer financing	5.9	13.7	19.0
Total	**34.0**	**55.6**	**106,8**

Number of employees at the end of period	30 Jun 2010	30 Jun 2009	31 Dec 2009
Industrial & Terminal	7,009	7,971	6,989
Marine	2,173	2,492	2,286
Corporate administration and support functions	425	312	331
Total	**9,607**	**10,775**	**9,606**

Average number of employees	1-6/2010	1-6/2009	1-12/2009
Industrial & Terminal	6,897	8,540	8,023
Marine	2,203	2,503	2,476
Corporate administration and support functions	408	265	285
Total	**9,509**	**11,308**	**10,785**

Notes

Taxes in income statement

MEUR	**1-6/2010**	**1-6/2009**	**1-12/2009**
Current year tax expense	22.2	1.6	20.9
Change in deferred tax assets and liabilities	-15.9	-8.7	-44.5
Tax expense for previous years	-1.2	-5.0	-10.3
Total	**5.1**	**-12.1**	**-33.9**

Commitments

MEUR	**30 Jun 2010**	**30 Jun 2009**	**31 Dec 2009**
Guarantees	0.5	0.2	0.5
Dealer financing	0.0	0.1	0.1
End customer financing	7.4	10.1	10.3
Operating leases	49.2	57.0	49.1
Other contingent liabilities	3.6	3.9	3.7
Total	**60.7**	**71.3**	**63.7**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 538.6 (31 Dec 2009: 554.7) million.

Cargotec leases property, plant and equipment under non-cancellable operating leases. The leases have varying terms and renewal rights. It is not anticipated that any material liabilities will arise from trade finance commitments.

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Jun 2010	Negative fair value 30 Jun 2010	Net fair value 30 Jun 2010	Net fair value 30 Jun 2009	Net fair value 31 Dec 2009
FX forward contracts, cash flow hedges	51.3	86.4	-35.1	-81.5	-30.1
FX forward contracts, non-hedge-accounted	6.9	9.9	-2.9	0.7	1.6
Cross-currency and interest rate swaps, cash flow hedges	34.5	-	34.5	-2.1	-9.9
Total	**92.7**	**96.2**	**-3.5**	**-82.8**	**-38.5**
Non-current portion:					
FX forward contracts, cash flow hedges	9.3	15.1	-5.7	-35.9	-9.4
Cross-currency and interest rate swaps, cash flow hedges	34.5	-	34.5	-2.1	-9.9
Non-current portion	**43.9**	**15.1**	**28.8**	**-38.0**	**-19.3**
Current portion	**48.9**	**81.2**	**-32.3**	**-44.8**	**-19.2**

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

Nominal values of derivative financial instruments

MEUR	30 Jun 2010	30 Jun 2009	31 Dec 2009
FX forward contracts	2,625.4	2,687.8	2,386.5
Cross-currency and interest rate swaps	225.7	225.7	225.7
Total	**2,851.2**	**2,913.5**	**2,612.3**

Acquisitions and disposals

In May, Cargotec acquired 25 per cent of the shares of Japanese MacGREGOR-Kayaba Ltd. After the acquisition, Cargotec owns all shares in the company.
In January, Cargotec has sold its US-based hydraulic cylinders manufacturing business Waltco Hydraulics to Ligon Industries, LLC. This transaction had no material impact on Cargotec's result or cash flow.

Accounting principles

The interim report has been prepared according to the International Accounting Standard 34: Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2009. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

Adoption of the new and revised IFRS standards as of January 1, 2010

Starting from January 1, 2010 Cargotec has adopted the following revised standards published in 2008 and 2009 by the IASB:

- IFRS 3R, Business Combinations (revised). The adoption of the revised standard has an impact on the accounting of business combinations.
- Amendment to IAS 27 Consolidated and Separate Financial Statements. The amendment has an impact on accounting of the changes in ownership in subsidiaries.
- Amendment to IAS 39, Financial Instruments: Recognition and Measurement: Eligible Hedged Items. The amendment clarifies the guidance of the hedge accounting.

Additionally, Cargotec has adopted the amendments related to the IFRS 2008 and 2009 Annual Improvements, which have been endorsed by EU. Aforementioned changes have no material impact on the interim report.

Restatement of reporting segments' comparable figures

As of January 1, 2010 Cargotec has two reporting segments, Industrial & Terminal and Marine. At the same time the definition of Services business was clarified. Reporting segments' financial information for comparable periods has been restated accordingly.

Calculation of key figures

Equity / share	=		Total equity attributable to the equity holders of the Company / Share issue-adjusted number of shares at the end of period (excluding treasury shares)
Interest-bearing net debt	=		Interest-bearing debt* - interest-bearing assets
Total equity / total assets (%)	=	100 x	Total equity / Total assets - advances received
Gearing (%)	=	100 x	Interest-bearing debt* - interest-bearing assets / Total equity
Return on equity (%)	=	100 x	Net income for period / Total equity (average for period)
Return on capital employed (%)	=	100 x	Income before taxes + interest and other financing expenses / Total assets - non-interest-bearing debt (average for period)
Basic earnings / share	=		Net income for the period attributable to the equity holders of the Company / Share issue-adjusted weighted average number of shares during the period (excluding treasury shares)

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

Quarterly figures

Cargotec		**Q2/2010**		**Q1/2010**		**Q4/2009**		**Q3/2009**		**Q2/2009**	
Orders received	MEUR	732		598		464		437		471	
Order book	MEUR	2,433		2,239		2,149		2,371		2,555	
Sales	MEUR	638		555		669		559		678	
Operating profit	MEUR	38.8	*	15.8	*	31.7	*	11.6	*	3.0	*
Operating profit	%	6.1	*	2.8	*	4.7	*	2.1	*	0.4	*
Basic earnings/share	EUR	0.32		0.13		0.18		-0.02		-0.12	

Industrial & Terminal		**Q2/2010**		**Q1/2010**		**Q4/2009**		**Q3/2009**		**Q2/2009**	
Orders received	MEUR	423		415		304		278		317	
Order book	MEUR	740		637		546		586		652	
Sales	MEUR	362		314		364		331		421	
Operating profit	MEUR	7.4	*	-7.3	*	-2.3	*	-7.3	*	-6.3	*
Operating profit	%	2.0	*	-2.3	*	-0.6	*	-2.2	*	-1.5	*

Marine		**Q2/2010**		**Q1/2010**		**Q4/2009**		**Q3/2009**		**Q2/2009**
Orders received	MEUR	309		183		160		158		155
Order book	MEUR	1,694		1,602		1,604		1,785		1,903
Sales	MEUR	277		241		305		229		257
Operating profit	MEUR	43.7	*	34.3	*	40.5		22.9		23.3
Operating profit	%	15.8	*	14.2	*	13.3		10.0		9.1

* Excluding restructuring costs