# Cargotec's Interim Report January–September 2009 – Demand unchanged

**Report Highlights – January–September**

- Orders received totalled EUR 1,364 (1–9/2008: 3,136) million.
- Order book was EUR 2,371 (31.12.2008: 3,054) million at the end of the reporting period.
- Sales declined 23 percent and were EUR 1,912 (1–9/2008: 2,476) million.
- Operating profit excluding restructuring costs was EUR 29.6 (156.9) million, representing 1.5 (6.3) percent of sales.
- Operating result was EUR -7.1 (156.9) million. Operating result includes EUR 36.7 (0.0) million of restructuring costs.
- Cash flow from operating activities before financial items and taxes totalled EUR 198.7 (158.1) million.
- Net income for the period amounted to EUR -5.9 (111.9) million.
- Earnings per share was EUR -0.13 (1.77).

**Report Highlights – third quarter**

- Orders received totalled EUR 437 (7–9/2008: 967) million.
- Sales declined 34 percent and were EUR 559 (848) million.
- Operating profit excluding restructuring costs was EUR 11.6 (49.6) million, representing 2.1 (5.8) percent of sales.
- Operating result was EUR -3.3 (49.6) million. Operating result includes EUR 14.9 (0.0) million of restructuring costs.

**Cargotec's President and CEO Mikael Mäkinen:**
"We have initiated significant structural changes and restructuring measures in order to improve efficiency and competitiveness. I am very satisfied with the commitment of our organisation to the change, although we have had to make tough decisions to adjust our cost structure. The cost savings are already beginning to improve our profitability. The current weak demand for cargo handling equipment is something we cannot impact, but with the restructuring, we are stronger than ever when the market recovers", states President and CEO Mikael Mäkinen.

**Press Conference for analysts and media:**
A press conference for analysts and media will be combined with a live international telephone conference and arranged on the publishing day at 4.00 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 4.00 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 +1 646 843 4608, non-US callers +44 20 3023 4412, access code Cargotec Corporation.

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

A replay of the conference call will be available until 5.00 pm 24 October 2009 (EEST), in the following numbers: US callers +1 866 583 1035, non-US callers +44 20 8196 1998, access code 136498#.

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Cargotec improves the efficiency of cargo flows by offering solutions for the loading and unloading of goods on land and at sea – wherever cargo is on the move. Cargotec's main daughter brands for cargo handling Hiab, Kalmar and MacGregor are global market leaders in their fields. Cargotec's global network offers extensive services that ensure the continuous, reliable and sustainable performance of equipment. Cargotec's sales totalled EUR 3.4 billion in 2008 and it employs approximately 10,500 people. Cargotec's class B shares are quoted on the NASDAQ OMX Helsinki. www.cargotec.com

**Operating environment**
Demand for load handling equipment remained weak, significantly affected by the marked fall in construction and new truck sales. Market seasonality in the third quarter slightly weakened demand compared to the previous quarters. With their fleets under-utilised, customers are postponing investment decisions in the uncertain economic situation. In some markets low demand comes through as price competition between equipment manufacturers.

A clear drop in the number of containers handled in ports has prompted customers to reappraise investments in container handling equipment. Port customers' demand for container handling equipment was weak during the third quarter. Activity in the markets with respect to investment projects underway and some currently under planning still failed to feed through into orders. However, due to publicly funded infrastructure projects, the Asia Pacific market area saw greater levels of activity than elsewhere in the world. Demand for forklift trucks and terminal tractors was lower than in the previous year due to lower industrial production and distribution centre activity.

The markets for marine cargo handling equipment have contracted sharply, following the end of the ship ordering boom of the last few years although slight positivity was visible in the offshore equipment market towards the end of the third quarter. Overcapacity in shipping has led to idling of vessels, their use for storage purposes and increased scrapping. Nevertheless, cancellations of orders for marine cargo handling equipment have so far remained at moderate levels.

Partly idle equipment lowered demand for services. Lower cargo handling equipment utilisation rates also affected spare parts sales. However, the services markets are in better shape than the equipment markets. While customers remain interested in more flexible operating models, they are slower to make the related decisions.

**Orders Received**
Orders received in January–September totalled EUR 1,364 (3,136) million. The number of orders received fell significantly in all business areas, due to economic weakness.  It should also be noted that the order intake during the comparison period 2008 was record-high in both Kalmar and MacGregor. The value of the orders secured during the third quarter was EUR 437 (967) million.

| MEUR | 1-9/2009 | Share, % | 1-9/2008 | Share, % | Change, % | 1-12/2008 |
|---|---|---|---|---|---|---|
| Hiab | 382 | 28 | 661 | 21 | -42 | 818 |
| Kalmar | 576 | 42 | 1,217 | 39 | -53 | 1,566 |
| MacGregor | 409 | 30 | 1,264 | 40 | -68 | 1,393 |
| Internal orders | -2 | | -7 | | | -9 |
| **Total** | **1,364** | **100** | **3,136** | **100** | **-56** | **3,769** |

***Hiab***
Of total orders received in January–September, Hiab accounted for EUR 382 (661) million while its share of orders received in during the third quarter was EUR 114 (194) million. Orders received during the third quarter were on a slightly lower level than in the second quarter, which is typical seasonality in the business.

Major part of the orders Hiab secured were small individual orders, which is representative of its operations. The number of orders received continued to decline from the previous year, due to low demand especially in construction-related customer segments.

In May, Hiab received an order for 60 loader cranes and 39 hooklifts for trucks supplied to the Finnish Defence Forces. Delivery of the equipment began during the third quarter of 2009.

In February, Hiab received a major order for 292 loader cranes from BAE Systems Inc. in the US. Delivery of the equipment started during the first quarter and will continue throughout the year. This order follows the contract received in September 2008.

***Kalmar***

Of total orders received in January–September, Kalmar accounted for EUR 576 (1,217) million while its share of orders received in during the third quarter was EUR 164 (365) million. The uncertainty in the container handling markets reflected in customers' investment decisions lengthening decision-making processes. The lower usage rates of container handling equipment reduced replacement investments.

During the third quarter, Saigon Newport Company awarded Kalmar a contract for six all-electric E-One rubber-tyred gantry cranes (RTG). The equipment will be delivered to Tan Cang-Cai Mep International Container port during the first quarter of 2010. Kalmar also received an order for seven reachstackers from NorSea. This equipment will include special attachments for handling pipes and will be delivered in January 2010. The order also includes a service agreement.

During the second quarter, Kalmar received two ship-to-shore crane (STS) orders from Latin America. The crane deliveries, one for Port Autonome de la Guadeloupe in Guadeloupe and one for Pinfra's subsidiary, Infrastructura Portuaria Mexicana in Altamira, Mexico, are scheduled for the last quarter of 2010. Kalmar also received an order for three E-One rubber-tyred gantry cranes (RTG) from Liscont Operadores de Contentores, SA in Lisbon, Portugal. The equipment will be delivered to the Liscont Container Terminal at Alcântara during the first half of 2010. In addition, Kalmar secured a contract with Thessaloniki Port Authority in Greece for seven forklift trucks which were delivered by the end of June 2009. Furthermore, an order for 46 rough terrain container handlers was received from Tank-Automotive Armament Command (TACOM), which is part of the US Department of Defence. The equipment will be manufactured at Cargotec's new factory in Texas, US, during 2010–2011. The order is continuation to an order for 62 rough terrain container handlers received during the first quarter.

During the first quarter, Kalmar signed a contract to provide 20 shuttle carriers to TTI Algeciras S.A. in Spain. The equipment will be delivered by January 2010. In addition, Kalmar received an order for reachstackers and heavy range terminal tractors from Vestas Towers in the US. The equipment will be used to lift wind turbine tower sectors and will be customised with special attachments. This equipment was delivered during the second quarter.

During the first quarter, Kalmar also received terminal tractor orders from, for example, China, Tunis and Russia. A total of 50 medium range terminal tractors will be delivered to the port of Ningbo, China. A total of 20 heavy range terminal tractors will be delivered to the port of Sociate Tunisienne De Acconage, Tunis and 15 terminal tractors to the port of Novorossiisk Commercial Sea, Russia.

In March, Cargotec Port Security, which is part of Kalmar, won its first commercial contract for a spreader-mounted radiation detection system from US based Lockheed Martin. The system meets the requirements of US immigration officials.

***MacGregor***
Of total orders received in January–September, MacGregor accounted for EUR 409 (1,264) million while its share of orders received during the third quarter was EUR 158 (411) million. The drop in orders received reflected the exceptional ship order boom strongly slowing down. However, other market participants' delivery problems had a positive impact as shipyards aim to secure schedules of their projects with help from MacGregor.

During the third quarter, MacGregor received orders for four cranes. An active heave compensated offshore crane will be delivered to a US customer during early 2010. In addition, two knuckle-jib ship cranes will be delivered and installed for a researched vessel under construction at a Russian shipyard during 2010 and one ship crane for an offshore vessel under construction at Halifax Shipyard, Canada, in early 2010.

During the third quarter, MacGregor also received an order from the German Flensburger Schiffbau Gesellschaft for RoRo equipment for seven vessels destined for UK and Turkish operations. This contact includes the design, production and installation of the equipment. The equipment will be delivered and installed between 2011 and 2013. In addition, an order was received for six ship cranes from STX Europe. These cranes with delivery in 2010–2011are designed to operate in severe climatic conditions and extreme air temperatures and will be installed on three icebreaker tugs. In August, MacGregor signed an order for hatch covers to be delivered for two new generation heavy duty ships under construction at Sietas Schiffahrskontor Altes Land Shipyard in Germany. This equipment will be delivered in 2010–2011. Moreover, in July, MacGregor won an order for a ship unloader for handling coal from UTE Porto do Itaqui Geracão de Energia SA, Brazil. The contract includes spare parts, supervision of installation, start-up, testing and training. This equipment will enter service at the end of 2010.

During the second quarter, MacGregor won cargo handling crane and hatch cover orders for container ships and bulk carriers. Orders for hatch covers to be installed on 10 bulk carriers were received from Sungdong Shipbuilding & Marine Engineering in South Korea. The equipment will be delivered in 2010. Hatch covers for 32 container ships under construction in Japan and South Korea will be delivered during 2010–2012. This order includes the design and key components for the hatch covers. An order was received for the supply of cargo handling cranes and hatch covers for six container ships under construction at Chinese shipyard Rongcheng Shenfei Shipbuilding Co Ltd. The scope of supply for each vessel includes five cranes and the design of, and key components for, hatch covers. The equipment will be delivered in 2010–2012.
In addition, an order was received for 96 cargo handling cranes destined for 24 bulk carriers at ABG Shipyard Ltd in India, for Asian and European owners. Delivery of the cranes is planned to start at the end of 2009 and continue until mid 2013. Futhermore, in May, MacGregor received orders for RoRo equipment from French Compagnie Meridionale de Navigation and the French Navy.

During the second quarter, MacGregor also won an order for two twin boom level luffing cargo handling cranes from the US Navy. Along with the delivery of the new cranes, the order includes the removal and disposal of the existing cranes, the refurbishment of existing boom stands and crane bases, as well as providing preparatory work for a crane stabilisation system. The cranes are expected to be operational by March 2011.

During the first quarter, MacGregor received significant orders to deliver linkspans to Jordan, Morocco and Ireland. The equipment will be delivered at the end of 2009 and at the beginning of 2010. MacGregor linkspan technology is tailored to suit a particular port's specific circumstances.

In March, MacGregor won a contract to deliver specially-designed RoRo equipment to two logistic support vessels from the Australian Navy. The equipment will be delivered in 2010 and 2011.

In March, MacGregor also received an order for 28 hose handling and provision cranes from Korean shipyard Daewoo Shipbuilding & Marine Engineering Co. The cranes are destined for five very large crude carriers and two liquid natural gas carriers and they will be delivered during 2010 and 2012.

In February, Japanese Taiheiyo Engineering ordered MacGregor selfunloading systems to be installed on two coastal cement carriers guaranteeing high capacity cargo discharging, low power consumption and high reliability. Close co-operation with the company for many years resulted to the order. The equipment will be delivered in 2010.

***Cargotec Services***

The general economic slowdown also affected activity in the services market, but to a smaller extent than in the equipment market. Although a large number of small contracts typical of the services business were signed, customers are delaying decision-making related to major contracts.

During the third quarter, Sociate Tunisienne De Acconage, Tunis placed an order for refurbishing 13 straddle carriers. Under the refurbishment programme, each of the straddle carriers will be assessed individually and major repairs identified, prioritised and done according to need later this year.

During the first quarter, a five-year equipment servicing and maintenance contract was signed with the Durres Port Authority in Albania. In addition to equipment servicing and maintenance, contract includes the management of the parts inventory.

**Order Book**

Order book totalled EUR 2,371 (31 December 2008: 3,054) million on 30 September 2009. Of the total order book, Hiab accounted for EUR 127 (164) million, Kalmar EUR 459 (704) million and MacGregor EUR 1,785 (2,187) million. Order cancellations booked in MacGregor in January–September totalled EUR 125 million.

| MEUR | 30.9.2009 | Share, % | 31.12.2008 | Share, % | Change, % |
|---|---|---|---|---|---|
| Hiab | 127 | 5 | 164 | 5 | -23 |
| Kalmar | 459 | 19 | 704 | 23 | -35 |
| MacGregor | 1,785 | 75 | 2,187 | 72 | -18 |
| Internal order book | 0 | | -1 | | |
| **Total** | **2,371** | **100** | **3,054** | **100** | **-22** |

**Sales**
January–September sales totalled EUR 1,912 (2,476) million. Sales declined 23 percent from the previous year. Only deliveries of marine cargo handling equipment grew from the previous year. Sales for the third quarter were EUR 559 (848) million.

| MEUR | 1-9/2009 | Share, % | 1-9/2008 | Share, % | Change, % | 1-12/2008 |
|---|---|---|---|---|---|---|
| Hiab | 416 | 22 | 691 | 28 | -40 | 907 |
| Kalmar | 795 | 42 | 1,103 | 44 | -28 | 1,515 |
| MacGregor | 704 | 37 | 687 | 28 | 2 | 985 |
| Internal sales | -3 | | -6 | | | -8 |
| **Total** | **1,912** | **100** | **2,476** | **100** | **-23** | **3,399** |

Hiab's sales declined to EUR 416 (691) million in January–September. Third quarter sales were EUR 124 (209) million. This decline is attributable to the low order intake. The low sales volume reflects the general weakness in the load handling equipment market and customers' lack of willingness to invest.

Kalmar's January–September sales totalled EUR 795 (1,103) million, of which EUR 207 (386) million was attributable to the third quarter. Delivery volumes were healthy in the first half, thanks to the high order book at the beginning of the year, but due to the slowdown in the markets have since declined.

MacGregor's sales development was favourable in January–September totalling EUR 704 (687) million. The sales growth is the result of the strong order intake in previous years and successful project deliveries. Third quarter sales was EUR 229 (256) million.

Sales from services amounted to EUR 523 (639) million in January–September, representing 27 (26) percent of total sales. Sales from services declined 18 percent from the comparison period level, which is a consequence of lower demand in all areas of services business. Services accounted for 31 (23) percent of the January–September sales at Hiab, 31 (29) percent at Kalmar and 21 (23) percent at MacGregor.

**Financial Result**
January–September operating result totalled EUR -7.1 (156.9) million. The operating result includes EUR 36.7 (0.0) million of restructuring costs.

Operating profit for January–September excluding restructuring costs was EUR 29.6 (156.9) million, representing 1.5 (6.3) percent of sales. The operating profit includes a EUR 3.8 (4.9) million cost impact for the purchase price allocation treatment of acquisitions and EUR 8.6 (4.8) million costs from the On the Move change programme.

Operating result in Hiab and Kalmar was eroded by low production capacity utilisation. During the first half of the year, product profitability of deliveries was weakened by material costs, which were still at previous high price levels. However, towards the end of the reporting period, the decrease in material prices began to impact positively. MacGregor's profitability continued to improve during the third quarter.

Third quarter operating result totalled EUR -3.3 (49.6) million. Operating result includes EUR 14.9 (0.0) million of restructuring costs. Operating profit for the third quarter excluding restructuring costs was EUR 11.6 (49.6) million, representing 2.1 (5.8) percent of sales.

The lag in the realisation of cost savings from major restructuring activities led to such savings being insufficient to offset the impact on profit of plummeting demand. The already completed and ongoing restructuring initiatives including structural capacity adjustment measures are estimated to create total annual cost savings exceeding EUR 150 million. The savings estimate includes all cost structure streamlining actions announced since the beginning of 2008.

Net income for January–September was EUR -5.9 (111.9) million and earnings per share EUR -0.13 (1.77).

**Balance Sheet, Financing and Cash Flow**

On 30 September 2009, net working capital decreased to EUR 179 (31 December 2008: 324) million. This fall was due to shrunken component and materials inventories and lower receivables. In addition, at the turn of the year the balance sheet showed a significant amount of work-in-progress, which healthy early-year delivery volumes within Kalmar and MacGregor has reduced. Tangible assets on the balance sheet were EUR 297 (284) million and intangible assets EUR 787 (754) million.

Cash flow from operating activities before financial items and taxes for January–September was EUR 198.7 (158.1) million. The dividend payment totalled EUR 37.4 (65.9) million.

Net debt on 30 September was EUR 400 (31 December 2008: 478) million, including EUR 619 (565) million in interest-bearing debt. The total equity/total assets ratio was 36.6 (33.0) percent while gearing was 45.9 (55.3) 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.

In order to strengthen its financial structure, Cargotec raised a total of EUR 100 million as five-year Pension Premium Loans (TyEL) in March and June 2009.

Return on equity for January–September was -0.9 (16.8) percent and return on capital employed was -0.5 (15.3) percent.

**New Products and Product Development**

Research and product development expenditure for January–September was EUR 27.5 (33.3) million, representing 1.4 (1.3) percent of sales. Despite the weakened market situation, Cargotec continues to invest in product development.

Hiab introduced several new products in the small crane product family. In addition, Hiab launched the first stiff boom crane for the Chinese market. Furthermore, a new 30-tonne demountable and three new hooklifts were introduced in Hiab’s demountable product family.

During the reporting period, Kalmar introduced an electrical shuttle carrier. With this new technology, the equipment features reduced fuel consumption and lower emissions. All-electric rubber-tyred gantry crane (RTG) was further improved with several safety and environmental features. Additionally, three new hybrid terminal tractors for technology trials were supplied to the Port of Long Beach, US. Kalmar also launched a customised intelligent platform for management of container handling equipment fleet in ports and terminals.

In January Kalmar launched a new heavy range terminal tractor for LoLo (lift-on, lift-off) operations. The tractor has been designed in close co-operation with customers and it meets the strictest requirements for ergonomics and driveability, power and economy as well as environmental friendliness.

During the first half, Kalmar automatic stacking crane system development concerning the performance testing was finalised in Hamburg CTB terminal. The automatic stacking crane meets German requirements for security systems. Integration testing with customer's terminal system is ongoing.

Kalmar has prepared commencement of ship-to-shore crane production in Asia. At the same time, Kalmar has changed its cranes so that it is easier to make the final assembly on the customer's site. This makes the transportation simpler and less expensive. New Kalmar ship-to-shore cranes will be delivered with a new crane control system that includes the crane's control, crane management and fault diagnostics.

In May, MacGregor introduced an innovative ultra-deepwater lifting system, which includes a side-mounted hang-off frame for transfer of loads from a steel-rope winch fitted standard crane to vertically suspended fibre ropes. The development is continuation to the January delivery of the first subsea knuckle-jib crane equipped with an option for fibre rope handling. Technology for handling lightweight fibre rope rather than traditional steel wire rope offers several advantages: much heavier loads can be handled without strain to the crane at unlimited depths and consequently, overall safety is improved due to the lighter equipment which still can carry out heavy work operations.

**Capital Expenditure**
Capital expenditure for January–September, excluding acquisitions and customer financing, totalled EUR 63.7 (47.1) million. Investments in customer financing were EUR 16.2 (26.0) million.

Cargotec made the decision to proceed with an investment plan for a multi-assembly unit (MAU) in Stargard Szczecinski in Northern Poland, to improve its global supply footprint. The new MAU in Stargard Szczecinski is planned to support the production of a wide range of Cargotec equipment. Production began in rented premises at the end of the reporting period. Production start in own premises on the new site is planned for the second quarter of 2010. The estimated cash flow impact of the investment cost in 2009 will be close to EUR 20 million, of which EUR 10 million incurred during the reporting period.

The expansion of container spreader production capacity in Malaysia continued during the reporting period. The new factory for rough terrain container handlers in Texas, USA, started production. In addition, the capacity expansion investment in Narva, Estonia and the doubling of production capacity in Shanghai, China, were finalised during the first half of 2009.

**On the Move Change Programme**

In January 2008, Cargotec announced the launch of an extensive On the Move change programme. The change programme aims to form a basis for profitable growth through improved customer focus and efficiency. Of the estimated EUR 80–100 million savings target from On the Move change programme, half results from non-volume related cost structure adjustments and supply set-up changes and has been included in the overall cost savings estimate exceeding EUR 150 million. Materialisation of the volume related other half of the original On the Move savings target requires improvement in the market situation.

The projects in the first phase focused on streamlining support functions and company structure as well as initiating IM projects that improve efficiency. These projects continue and changes in company structure will to a large extent be finalised during the year.

The implementation of the programme continues with the launch of a new governance model for management and organisation. There are three key functions: solutions, supply and support that develop Cargotec's processes across business area boundaries.

At the beginning of 2009, Cargotec established a common Supply organisation, which is responsible for sourcing and supply and which is developing global supply closer to customers as well as towards lower cost environments. During 2009, Cargotec will implement a significant change in its supply footprint. In 2008, the decision was taken to close a factory in the USA and Finland. In addition, similar decisions were taken during the period under review, affecting factories in the Netherlands and Sweden. As a consequence of these factory closures and in order to enhance efficiency, the operations and capacity utilisation of the remaining factories will be developed.

As a part of the On the Move change programme, Cargotec is merging Hiab and Kalmar business areas globally. The new business area, Industrial and Terminal, comprising Hiab and Kalmar business areas, started operating at the beginning of October. The new Industrial and Terminal organisation includes Product Solutions, charged with ensuring the competitiveness of the global product offering, Service Solutions with responsibility for ensuring the competitiveness of the global service offering and three regional organisations with responsibility for sales and service: Americas, Asia-Pacific and EMEA.

**Acquisitions**

During the period, Cargotec acquired the assets of a Danish sales and services company Arne Holst & Co. A/S. The acquisition includes the takeover of business assets and customer contacts as well as the transfer of four employees to Cargotec. In addition, Cargotec acquired an 18 percent minority of Kalmar España S.A. as well as a 20 percent minority of Italian Officine Cargotec Ferrari Genova S.r.l and Officine Cargotec Ferrari Prato S.r.l. After these transactions Cargotec owns all the shares of the companies.

**Personnel**

On 30 September 2009, Cargotec employed 10,409 (12,000) people. Hiab employed 3,519 (4,508) people, Kalmar 4,096 (4,777), and MacGregor 2,490 (2,548). The average number of employees during the reporting period was 11,184 (11,716). The number of personnel in corporate level support functions has increased due to the establishment of Cargotec's shared service centre as well as common supply and country organisations.

Of Cargotec's total employees, 18 (20) percent were located in Sweden, 12 (13) percent in Finland and 31 (30) percent in the rest of Europe. North and South American personnel represented 11 (11) percent, Asia Pacific 26 (24) percent and the rest of the world 2 (2) percent of total employees.

As a result of the restructuring measures initiated in September 2008, the number of personnel decreased by 910 by the end of September 2009: by 601 in Hiab, by 299 in Kalmar, and by 10 in corporate functions. These restructuring measures will lead to a total personnel reduction of 960.

Restructuring measures have continued in 2009 in order to develop the company's internal structural and as market conditions remained weak. These restructuring measures are estimated to affect some 1,700 people globally. As of end of September, 1,104 persons had left as a result of these measures: 483 in Hiab, 495 in Kalmar and 126 in MacGregor.

Furthermore, a significant number of temporary lay-offs have been agreed on in several locations.

**Changes in the organisation and management**

In June 2009, Cargotec announced the merger of Hiab and Kalmar business areas. As a result, two business areas were formed: Marine, comprising current MacGregor business area, and Industrial and Terminal, which comprises current Hiab and Kalmar business areas. Olli Isotalo continues to head the Marine business while Pekka Vauramo heads the Industrial and Terminal business. Pekka Vauramo continues in his role as Deputy to CEO. External financial reporting will continue unchanged until end of 2009. As of 1 January 2010, Cargotec will report in two primary segments Industrial and Terminal and Marine while the three regions EMEA, Americas and APAC will continue as secondary segments.

The new Industrial and Terminal organisation includes Product Solutions, charged with ensuring the competitiveness of the global product offering, Service Solutions with responsibility for ensuring the competitiveness of the global service offering and three regional organisations with responsibility for sales and service: Americas, Asia-Pacific and EMEA.

Unto Ahtola was appointed Executive Vice President, Product Solutions, and a member to Cargotec's Executive Board. He will join Cargotec on 2 November 2009. Stefan Gleuel, formerly Senior Vice President, MacGregor Service Division, was appointed Executive Vice President, Service Solutions as of 1 October 2009, and a member to Cargotec's Executive Board.

Harald de Graaf was appointed Executive Vice President, EMEA, as of 1 July 2009. In addition, de Graaf will continue to be responsible for Corporate Development and remain a member of Cargotec Executive Board. Ken Loh was appointed Executive Vice President, Asia-Pacific and a member of Cargotec's Executive Board as of 1 October 2009. Mr Loh's previous post was President, Kalmar APAC Region. As of 1 October 2009, Lennart Brelin was appointed Executive Vice President, Americas and a member of Cargotec's Executive Board. Lennart Brelin worked previously as Senior Vice President, Hiab Americas region.

Kirsi Nuotto, a member of Cargotec's Executive Board, was appointed Executive Vice President, Human Resources and Communications as of 1 July 2009.

**New branding strategy**
Cargotec has defined a new corporate-wide branding strategy and launched a new visual look, aimed at strengthening the Cargotec name and its main strategic brands Hiab, Kalmar and MacGregor. The new brand strategy supports Cargotec's 'One Company' approach and is built on the strong reputation of its market-leading brands.

Cargotec's visibility is more prominent in the common new visual identity of all of these brands. They all share a common symbol, the elephant. The Cargotec elephant will be displayed on most materials together with the three main brands, Hiab, Kalmar and MacGregor. These three brands all have a strong reputation within Cargotec's customer base and, also in the future, the products will be branded with these names.

**Annual General Meeting**
***Decision Taken at Cargotec Corporation's Annual General Meeting***
Cargotec Corporation's Annual General Meeting was held on 5 March 2009 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 2008.

The AGM approved a dividend of EUR 0.59 per each of class A shares and EUR 0.60 per each of class B shares outstanding to be paid.

The number of the members of the Board of Directors was confirmed at six. Tapio Hakakari, Ilkka Herlin, Peter Immonen, Karri Kaitue and Antti Lagerroos were re-elected to the Board of Directors. Anja Silvennoinen 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.

***Authorisations Granted by the Annual General Meeting***
The AGM authorised the Board of Directors to decide on purchasing of own shares with non-restricted equity. The shares may be repurchased in order to develop the capital structure of the Company, finance or carry out possible acquisitions, implement the Company's share-based incentive plans, or to be transferred for other purposes or to be cancelled. Altogether no more than 6,400,000 own shares may be repurchased, 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 class B shares repurchased during 2005–2008 already in the Company's possession, of which there are currently 2,990,725 such class B shares.

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. 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. Tapio Hakakari was elected as Deputy Chairman. Cargotec's Senior Executive Vice President Kari Heinistö continues to act as secretary of the Board of Directors.

The Board of Directors decided that the Audit Committee and Nomination and Compensation Committee continue to assist the Board in its work. The Board of Directors elected among its members Ilkka Herlin, Karri Kaitue (chairman) and Anja Silvennoinen as members of the Audit Committee. 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 September 2009 totalled EUR 64,304,880. The share capital increased by EUR 600 due to share subscriptions with Cargotec 2005B option rights during the reporting period. On 30 September 2009, the number of class B shares listed on the NASDAQ OMX Helsinki was 54,778,791 while that of unlisted class A shares totalled 9,526,089.

***Own shares***
Cargotec held a total of 2,959,487 Company's own class B shares on 30 September 2009. The shares were repurchased in 2005–2008.

The Board of Directors decided to exercise the authorisation of the Annual General Meeting on 5 March 2009, to acquire the Company's own shares. In accordance with the authorisation the shares will be repurchased in order to develop the capital structure of the Company, finance or carry out possible acquisitions, implement the Company's share-based incentive plans, or to be transferred for other purposes or to be cancelled. No own shares were repurchased during the reporting period.

***Share Ownership Plan – Issue of Own Shares as Reward Payment***
The Board of Directors decided on 5 March 2009 on a directed bonus issue of 31,356 class B shares owned by the Company to the 61 participants of the Company's share-based incentive programme as reward payment for the earnings period 2007–2008. A total of 118 class B shares were returned to the Company, entailing a directed bonus issue of 31,238 class B shares. Subsequent to this bonus issue, Cargotec holds a total of 2,959,487 Company's own class B shares. The decision of the directed bonus issue is based on the authorisation of the Annual General Meeting of Shareholders held on 5 March 2009. The maximum amount to be paid out as shares from the incentive programme during 2007–2011 is 387,500 class B shares.

***Option Rights***
The Company has no valid option programme. The subscription period with 2005B option rights ended 31 March 2009. A total of 333,570 Cargotec class B shares were subscribed with 2005B option rights during the subscription period. After the end of the subscription period, the unused option rights became null and void and have been removed from their holders' book-entry accounts.

***Market Capitalisation and Trading***

On 30 September 2009, the total market value of class B shares was EUR 833 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 989 million, excluding treasury shares held by the Company.

The closing price of class B shares on 30 September 2009 was EUR 16.08. The average share price for January–September was EUR 10.19 the highest quotation being EUR 16.98 and the lowest EUR 6.37. In January–September, approximately 43 million class B shares were traded on the NASDAQ OMX Helsinki, corresponding to a turnover of approximately EUR 436 million.

**Short-term Risks and Uncertainties**

The continued weakness in the world economy creates significant short-term risks and uncertainties for Cargotec's operations. The uncertainty is due to the possible effects of this weakness on demand for Cargotec's products and services and on the willingness of Cargotec's customers to invest.

The weak market situation and credit crunch may see the further postponement of investment decisions, or the cancellation or postponement of orders. Furthermore, customers' financial situations will affect the collection of receivables and the level of credit loss. The weak market situation is also burdening suppliers and sub-contractors, which may have a knock-on effect on Cargotec's supply chain.

Cargotec still estimates that around 20 percent of MacGregor's order book at the beginning of 2009 involves a risk of cancellation. Following order cancellations of EUR 125 million so far this year, this risk currently corresponds to around EUR 320 million of the order book. Despite the moderate level of order cancellations so far, overcapacity in shipping can potentially in the coming months lead to ship owners reassessing the need to cancel ordered ships.

Efficient implementation of the significant number of adjustment measures underway in the Company form the prerequisite for improving profitability.

**Events after the reporting period**

Personnel restructuring measures continued in October as the Company continued structural changes and the markets remained weak. The merger of Hiab and Kalmar business areas proceeded to the organisations developing product and service offering as well as to the Americas and Asia Pacific sales and service regions. The planned reorganisation and capacity adjustment measures are estimated to see a further reduction of some 500 employees globally.

Cargotec plans to develop its unit in Tampere, Finland, into a competence and technology centre to strengthen the competitiveness of the company's products globally. The focus of the operation is planned to change from traditional manufacturing to developing new products and solutions and readiness for serial production. This would also lead to personnel implications. Cargotec employs today approximately 550 people in Tampere.

**Outlook**

Due to the weak market situation, demand for Cargotec's products and services is expected to continue clearly lower than last year. Despite expected growth in marine cargo handling business Cargotec's 2009 sales are estimated to decline approximately 25 percent from the previous year's.

An estimated total of approximately EUR 70 million will be booked as productivity-improving restructuring costs for 2009, with EUR 37 million booked in January–September. Cargotec estimates 2009 operating result after restructuring costs to be negative.

**Financial Calendar**

2009 Financial Statements Review on Wednesday 3 February 2009

Helsinki, 22 October 2009
Cargotec Corporation
Board of Directors

This interim report is unaudited.

# Cargotec's Interim Report January-September 2009

## Condensed Consolidated Statement of Income

| MEUR | 7-9/2009 | 7-9/2008 | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|---|---|
| **Sales** | 559.4 | 848.4 | 1,912.2 | 2,475.7 | 3,399.2 |
| Cost of goods sold | -467.8 | -688.6 | -1,612.1 | -1,981.9 | -2,762.5 |
| **Gross profit** | 91.6 | 159.8 | 300.1 | 493.7 | 636.7 |
| Gross profit, % | 16.4 % | 18.8 % | 15.7 % | 19.9 % | 18.7 % |
| Costs and expenses | -79.9 | -110.3 | -270.4 | -336.9 | -444.5 |
| Restructuring costs | -14.9 | - | -36.7 | - | -19.1 |
| Share of associated companies' and joint ventures' income | -0.1 | 0.0 | -0.1 | 0.0 | 0.6 |
| **Operating profit** | -3.3 | 49.6 | -7.1 | 156.9 | 173.7 |
| Operating profit, % | -0.6 % | 5.8 % | -0.4 % | 6.3 % | 5.1 % |
| Financing income and expenses | -6.1 | -3.8 | -20.1 | -15.0 | -28.5 |
| **Income before taxes** | -9.4 | 45.7 | -27.2 | 141.8 | 145.2 |
| Income before taxes, % | -1.7 % | 5.4 % | -1.4 % | 5.7 % | 4.3 % |
| Taxes | 9.3 | -4.0 | 21.4 | -30.0 | -24.4 |
| **Net income for the period** | -0.1 | 41.7 | -5.9 | 111.9 | 120.8 |
| Net income for the period, % | 0.0 % | 4.9 % | -0.3 % | 4.5 % | 3.6 % |
| | | | | | |
| **Net income for the period attributable to:** | | | | | |
| Equity holders of the Company | -1.3 | 41.0 | -8.2 | 109.9 | 118.4 |
| Minority interest | 1.2 | 0.8 | 2.3 | 2.0 | 2.4 |
| **Total** | -0.1 | 41.8 | -5.9 | 111.9 | 120.8 |
| | | | | | |
| **Earnings per share for profit attributable to the equity holders of the Company:** | | | | | |
| Basic earnings per share, EUR | -0.02 | 0.66 | -0.13 | 1.77 | 1.91 |
| Diluted earnings per share, EUR | -0.02 | 0.66 | -0.13 | 1.77 | 1.91 |

## Consolidated Statement of Comprehensive Income

| | 7-9/2009 | 7-9/2008 | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|---|---|
| **Net income for the period** | -0.1 | 41.7 | -5.9 | 111.9 | 120.8 |
| Gain/loss on cash flow hedges | 51.8 | -88.3 | 17.4 | -63.3 | -131.1 |
| Gain/loss on cash flow hedges transferred to Statement of Income | -1.6 | 5.4 | 35.1 | -1.4 | 29.2 |
| Translation differences | 24.4 | 19.8 | 13.6 | 9.2 | 9.8 |
| Taxes relating to components of other comprehensive income | -14.4 | 22.1 | -15.3 | 17.1 | 27.9 |
| **Comprehensive income for the period** | 60.2 | 0.7 | 45.0 | 73.4 | 56.6 |
| | | | | | |
| **Comprehensive income for the period attributable to:** | | | | | |
| Equity holders of the Company | 58.1 | -0.2 | 42.3 | 71.4 | 53.2 |
| Minority interest | 2.1 | 0.8 | 2.6 | 2.0 | 3.4 |
| **Total** | 60.2 | 0.7 | 45.0 | 73.4 | 56.6 |

**The consolidated comprehensive income is presented according to revised IAS 1.**

## Condensed Consolidated Statement of Financial Position

| **ASSETS**<br>**MEUR** | 30.9.2009 | 30.9.2008 | 31.12.2008 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 787.3 | 776.7 | 754.1 |
| Tangible assets | 297.3 | 272.9 | 283.5 |
| Loans receivable and other interest-bearing assets 1) | 7.4 | 6.6 | 7.7 |
| Investments | 8.5 | 8.7 | 9.0 |
| Non-interest-bearing assets | 139.5 | 93.7 | 160.3 |
| **Total non-current assets** | 1,240.0 | 1,158.7 | 1,214.6 |
| | | | |
| **Current assets** | | | |
| Inventories | 710.5 | 885.8 | 881.9 |
| Loans receivable and other interest-bearing assets 1) | 2.1 | 0.3 | 0.2 |
| Accounts receivable and other non-interest-bearing assets | 608.3 | 737.0 | 863.0 |
| Cash and cash equivalents 1) | 209.8 | 121.9 | 79.2 |
| **Total current assets** | 1,530.6 | 1,745.2 | 1,824.3 |
| | | | |
| **Total assets** | 2,770.6 | 2,903.9 | 3,038.9 |

| **EQUITY AND LIABILITIES**<br>**MEUR** | 30.9.2009 | 30.9.2008 | 31.12.2008 |
|---|---|---|---|
| **Equity** | | | |
| Shareholders' equity | 861.2 | 874.1 | 855.3 |
| Minority interest | 10.4 | 7.8 | 9.1 |
| **Total equity** | 871.6 | 881.9 | 864.4 |
| | | | |
| **Non-current liabilities** | | | |
| Loans 1) | 509.5 | 438.5 | 440.2 |
| Deferred tax liabilities | 46.6 | 33.3 | 43.0 |
| Provisions | 19.0 | 41.9 | 34.6 |
| Pension benefit and other non-interest-bearing liabilities | 103.0 | 99.2 | 144.7 |
| **Total non-current liabilities** | 678.1 | 612.9 | 662.5 |
| | | | |
| **Current liabilities** | | | |
| Loans 1) | 88.9 | 79.2 | 114.6 |
| Provisions | 70.8 | 53.9 | 70.4 |
| Advances received | 388.7 | 405.7 | 420.4 |
| Accounts payable and other non-interest-bearing liabilities | 672.5 | 870.3 | 906.5 |
| **Total current liabilities** | 1,220.9 | 1,409.1 | 1,512.0 |
| | | | |
| **Total equity and liabilities** | 2,770.6 | 2,903.9 | 3,038.9 |

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, totaling EUR 20.9 (September 30, 2008: 16.0 and December 31, 2008: 10.2) million on September 30, 2009.

# Consolidated Statement of Changes in Equity

| | Attributable to the equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **MEUR** | Share capital | Share premium account | Translation differences | Fair value reserves | Retained earnings | Total | Minority interest | Total equity |
| **Equity on 1.1.2008** | 64.2 | 97.4 | -29.6 | 19.9 | 738.7 | 890.6 | 6.1 | 896.7 |
| Comprehensive income for the period* | | | 8.9 | -47.3 | 109.9 | 71.5 | 2.0 | 73.4 |
| Dividends paid | | | | | -65.3 | -65.3 | -0.6 | -65.9 |
| Shares subscribed with options | 0.1 | 0.4 | | | | 0.4 | | 0.4 |
| Acquisition of treasury shares | | | | | -23.6 | -23.6 | | -23.6 |
| Share-based incentives, value of received services* | | | | | 0.5 | 0.5 | | 0.5 |
| Other changes | | | | | | | 0.3 | 0.3 |
| **Equity on 30.9.2008** | 64.3 | 97.7 | -20.7 | -27.4 | 760.2 | 874.1 | 7.8 | 881.9 |
| | | | | | | | | |
| **Equity on 1.1.2009** | 64.3 | 98.0 | -20.4 | -54.5 | 768.0 | 855.3 | 9.1 | 864.4 |
| Comprehensive income for the period* | | | 13.6 | 36.9 | -8.2 | 42.3 | 2.6 | 45.0 |
| Dividends paid | | | | | -36.7 | -36.7 | -0.7 | -37.4 |
| Shares subscribed with options | 0.0 | 0.0 | | | | 0.0 | | 0.0 |
| Share-based incentives, value of received services* | | | | | 0.3 | 0.3 | | 0.3 |
| Other changes | | | | | | 0.0 | -0.7 | -0.7 |
| **Equity on 30.9.2009** | 64.3 | 98.0 | -6.8 | -17.7 | 723.4 | 861.2 | 10.4 | 871.6 |

* Net of tax

## Condensed Consolidated Statement of Cash Flows

| MEUR | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| Net income for the period | -5.9 | 111.9 | 120.8 |
| Depreciation | 41.6 | 42.3 | 60.1 |
| Other adjustments | -1.3 | 45.0 | 52.3 |
| Change in working capital | 164.2 | -41.0 | -99.4 |
| **Cash flow from operations** | 198.7 | 158.1 | 133.8 |
| Cash flow from financial items and taxes | -24.0 | -33.4 | -40.1 |
| **Cash flow from operating activities** | 174.6 | 124.8 | 93.7 |
| Acquisitions | -4.8 | -40.4 | -46.5 |
| Cash flow from investing activities, other items | -60.5 | -72.3 | -108.6 |
| **Cash flow from investing activities** | -65.4 | -112.7 | -155.1 |
| Acquisition of treasury shares | 0.0 | -23.6 | -23.6 |
| Proceeds from share subscriptions | 0.0 | 0.4 | 0.7 |
| Dividends paid | -37.4 | -65.9 | -66.6 |
| Proceeds from long-term borrowings | 101.2 | 0.7 | 0.7 |
| Repayments of long-term borrowings | -1.1 | -2.2 | -2.4 |
| Proceeds from short-term borrowings | 12.0 | 38.0 | 61.3 |
| Repayments of short-term borrowings | -44.2 | -24.6 | -32.0 |
| **Cash flow from financing activities** | 30.6 | -77.2 | -61.9 |
| **Change in cash** | 139.8 | -65.1 | -123.3 |
| Cash, cash equivalents and bank overdrafts at the beginning of period | 45.9 | 167.5 | 167.5 |
| Effect of exchange rate changes | 0.4 | 2.5 | 1.7 |
| **Cash, cash equivalents and bank overdrafts at the end of period** | 186.1 | 104.9 | 45.9 |
| Bank overdrafts at the end of period | 23.7 | 17.0 | 33.3 |
| **Cash and cash equivalents at the end of period** | 209.8 | 121.9 | 79.2 |

## Key Figures

| | | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|---|
| Equity/share | EUR | 14.04 | 14.26 | 13.95 |
| Interest-bearing net debt | MEUR | 400.0 | 404.7 | 477.8 |
| Total equity/total assets | % | 36.6 | 35.3 | 33.0 |
| Gearing | % | 45.9 | 45.9 | 55.3 |
| Return on equity | % | -0.9 | 16.8 | 13.7 |
| Return on capital employed | % | -0.5 | 15.3 | 12.7 |

## Segment Reporting

| Sales by geographical segment, MEUR | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| EMEA | 917 | 1,410 | 1,901 |
| Americas | 327 | 397 | 556 |
| Asia Pacific | 668 | 669 | 942 |
| **Total** | 1,912 | 2,476 | 3,399 |

| Sales by geographical segment, % | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| EMEA | 48.0 % | 56.9 % | 55.9 % |
| Americas | 17.1 % | 16.0 % | 16.4 % |
| Asia Pacific | 34.9 % | 27.0 % | 27.7 % |
| **Total** | 100.0 % | 100.0 % | 100.0 % |

| Sales, MEUR | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| Hiab | 416 | 691 | 907 |
| Kalmar | 795 | 1,103 | 1,515 |
| MacGregor | 704 | 687 | 985 |
| Internal sales | -3 | -6 | -8 |
| **Total** | 1,912 | 2,476 | 3,399 |

| Operating profit, MEUR | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| Hiab | -29.2 * | 45.7 | 49.4 ** |
| Kalmar | 21.2 * | 77.5 | 89.6 ** |
| MacGregor | 64.7 | 52.9 | 83.6 |
| Corporate administration and support functions | -27.0 * | -19.2 | -29.8 ** |
| Operating profit from operations | 29.6 * | 156.9 | 192.8 ** |
| Restructuring costs | -36.7 | - | -19.1 |
| **Total** | -7.1 | 156.9 | 173.7 |

| Operating profit, % | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| Hiab | -7.0 % * | 6.6 % | 5.4 % ** |
| Kalmar | 2.7 % * | 7.0 % | 5.9 % ** |
| MacGregor | 9.2 % | 7.7 % | 8.5 % |
| Cargotec, operating profit from operations | 1.5 % * | 6.3 % | 5.7 % ** |
| Cargotec | -0.4 % | 6.3 % | 5.1 % |

* Excluding restructuring costs of which business segment Hiab accounted for EUR 23.2 million, Kalmar for EUR 9.8 million and Corporate administration and support functions for EUR 3.7 million.
** Excluding restructuring costs of which business segment Hiab accounted for EUR 14.1 million, Kalmar for EUR 4.5 million and Corporate administration and support functions for EUR 0.3 million.

| Orders received, MEUR | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| Hiab | 382 | 661 | 818 |
| Kalmar | 576 | 1,217 | 1,566 |
| MacGregor | 409 | 1,264 | 1,393 |
| Internal orders received | -2 | -7 | -9 |
| **Total** | 1,364 | 3,136 | 3,769 |

| Order book, MEUR | 30.9.2009 | 30.9.2008 | 31.12.2008 |
|---|---|---|---|
| Hiab | 127 | 229 | 164 |
| Kalmar | 459 | 778 | 704 |
| MacGregor | 1,785 | 2,480 | 2,187 |
| Internal order book | 0 | -1 | -1 |
| **Total** | 2,371 | 3,486 | 3,054 |

| Capital expenditure, MEUR | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| In fixed assets (excluding acquisitions) | 62.9 | 46.5 | 75.7 |
| In leasing agreements | 0.8 | 0.6 | 1.1 |
| In customer financing | 16.2 | 26.0 | 35.9 |
| **Total** | 79.9 | 73.1 | 112.8 |

| Number of employees at the end of period | 30.9.2009 | 30.9.2008 | 31.12.2008 |
|---|---|---|---|
| Hiab | 3,519 | 4,508 | 4,308 |
| Kalmar | 4,096 | 4,777 | 4,766 |
| MacGregor | 2,490 | 2,548 | 2,577 |
| Corporate administration and support functions | 304 | 167 | 175 |
| **Total** | 10,409 | 12,000 | 11,826 |

| Average number of employees | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| Hiab | 3,974 | 4,540 | 4,509 |
| Kalmar | 4,438 | 4,639 | 4,680 |
| MacGregor | 2,501 | 2,410 | 2,449 |
| Corporate administration and support functions | 271 | 126 | 139 |
| **Total** | 11,184 | 11,716 | 11,777 |

# Notes

**Taxes in income statement**

| **MEUR** | 1-9/2009 | 1-9/2008 | 1-12/2008 |
|---|---|---|---|
| Current year tax expense | 16.1 | 55.0 | 44.3 |
| Change in deferred tax assets and liabilities | -32.7 | -9.6 | -9.7 |
| Tax expense for previous years | -4.7 | -15.4 | -10.2 |
| **Total** | -21.4 | 30.0 | 24.4 |

**Commitments**

| **MEUR** | 30.9.2009 | 30.9.2008 | 31.12.2008 |
|---|---|---|---|
| Guarantees | 0.2 | 0.2 | 0.2 |
| Dealer financing | 0.1 | 0.2 | 0.2 |
| End customer financing | 10.6 | 6.7 | 11.5 |
| Operating leases | 54.6 | 53.2 | 48.0 |
| Off balance sheet investment commitments | - | 4.2 | - |
| Other contingent liabilities | 3.8 | 3.8 | 4.0 |
| **Total** | 69.3 | 68.2 | 63.9 |

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 30.9.2009 | Negative fair value 30.9.2009 | Net fair value 30.9.2009 | Net fair value 30.9.2008 | Net fair value 31.12.2008 |
|---|---|---|---|---|---|
| FX forward contracts, cash flow hedges | 57.1 | 84.8 | -27.7 | -56.9 | -119.4 |
| FX forward contracts, non-hedge accounted | 6.3 | 3.4 | 2.9 | 14.9 | 67.2 |
| Cross currency and interest rate swaps, cash flow hedges | - | 9.8 | -9.8 | -2.5 | 23.7 |
| **Total** | 63.4 | 98.0 | -34.6 | -44.5 | -28.4 |
| | | | | | |
| Non-current portion: | | | | | |
| FX forward contracts, cash flow hedges | 14.3 | 27.0 | -12.7 | -26.2 | -53.2 |
| Cross currency and interest rate swaps, cash flow hedges | - | 9.8 | -9.8 | -2.5 | 23.7 |
| **Non-current portion** | 14.3 | 36.8 | -22.5 | -28.6 | -29.5 |
| | | | | | |
| **Current portion** | 49.1 | 61.2 | -12.1 | -15.8 | 1.1 |

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

**Nominal values of derivative financial instruments**

| MEUR | 30.9.2009 | 30.9.2008 | 31.12.2008 |
|---|---|---|---|
| FX forward contracts | 2,493.5 | 3,430.6 | 3,617.5 |
| Cross currency and interest rate swaps | 225.7 | 225.7 | 225.7 |
| **Total** | 2,719.2 | 3,656.3 | 3,843.3 |

## Acquisitions

In March, Cargotec acquired the 18% minority share of Kalmar España, S.A.
In July, Cargotec acquired the 20% minorities of Officine Cargotec Ferrari Genova S.r.l. and Officine Cargotec Ferrari Prato S.r.l. After these transactions, Cargotec has 100% ownership of the above mentioned companies' shares.

In August, Cargotec purchased the assets of the Danish sales and service company Arne Holst & Co. A/S.

Hiab has established a small joint-venture focusing on the environmental segment in China.

# 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 of 2008. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

**Adoption of new and revised standards starting on January 1, 2009**

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

- IFRS 8, Operating segments: The adoption of the new standard does not have a material effect on the interim financial statements, as Cargotec segment reporting was also previously aligned with management reporting, and the accounting principles of the management reporting are consistent with those of the financial reporting.

-IAS 1, Presentation of Financial Statements: The adoption of the revised standard has an impact on the presentation of interim financial statements.

- IAS 23, Borrowing Costs: The amended standard requires that also the borrowing costs that are directly attributable to the acquisition of the qualifying asset form part of the cost of that asset. In previous years, Cargotec has expensed such borrowing costs as incurred. The amendment has no material impact on the result for the interim reporting period.

**Calculation of key figures**

$$\text{Equity / share} = \frac{\text{Total equity attributable to the shareholders of the parent company}}{\text{Share issue adjusted number of shares at the end of period (excluding treasury shares)}}$$

$$\text{Interest-bearing net debt} = \text{Interest-bearing debt* - interest-bearing assets}$$

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

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

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

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

$$\text{Basic earnings / share} = \frac{\text{Net income for the period attributable to the shareholders of the parent company}}{\text{Share issue adjusted weighted average number of shares during the period (excluding treasury shares)}}$$

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

## Quarterly Figures

| Cargotec | | Q3/2009 | Q2/2009 | Q1/2009 | Q4/2008 | Q3/2008 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 437 | 471 | 456 | 633 | 967 |
| Order book | MEUR | 2,371 | 2,555 | 2,772 | 3,054 | 3,486 |
| Sales | MEUR | 559 | 678 | 675 | 924 | 848 |
| Operating profit | MEUR | 11.6 * | 3.0 * | 15.0 * | 35.9 * | 49.6 |
| Operating profit | % | 2.1 * | 0.4 * | 2.2 * | 3.9 * | 5.8 |
| Basic earnings/share | EUR | -0.02 | -0.12 | 0.01 | 0.14 | 0.66 |

| Hiab | | Q3/2009 | Q2/2009 | Q1/2009 | Q4/2008 | Q3/2008 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 114 | 130 | 138 | 157 | 194 |
| Order book | MEUR | 127 | 138 | 148 | 164 | 229 |
| Sales | MEUR | 124 | 139 | 153 | 216 | 209 |
| Operating profit | MEUR | -9.2 * | -11.9 * | -8.1 * | 3.7 * | 9.5 |
| Operating profit | % | -7.4 * | -8.5 * | -5.3 * | 1.7 * | 4.5 |

| Kalmar | | Q3/2009 | Q2/2009 | Q1/2009 | Q4/2008 | Q3/2008 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 164 | 187 | 224 | 348 | 365 |
| Order book | MEUR | 459 | 514 | 611 | 704 | 778 |
| Sales | MEUR | 207 | 282 | 306 | 413 | 386 |
| Operating profit | MEUR | 1.9 * | 5.6 * | 13.6 * | 12.1 * | 25.8 |
| Operating profit | % | 0.9 * | 2.0 * | 4.5 * | 2.9 * | 6.7 |

| MacGregor | | Q3/2009 | Q2/2009 | Q1/2009 | Q4/2008 | Q3/2008 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 158 | 155 | 96 | 129 | 411 |
| Order book | MEUR | 1,785 | 1,903 | 2,013 | 2,187 | 2,480 |
| Sales | MEUR | 229 | 257 | 218 | 298 | 256 |
| Operating profit | MEUR | 22.9 | 23.3 | 18.4 | 30.7 | 19.1 |
| Operating profit | % | 10.0 | 9.1 | 8.5 | 10.3 | 7.5 |

* Excluding restructuring costs