Cargotec's January–June 2014 interim report: Orders grew but operating profit was burdened by project cost overruns in Kalmar

April–June 2014 in brief

- Orders received increased 19 percent and totalled EUR 993 (833) million.
- Order book amounted to EUR 2,285 (31 Dec 2013: 1,980) million at the end of the period.
- Sales declined 4 percent to EUR 804 (836) million.
- Operating profit excluding restructuring costs was EUR 4.7 (37.5) million, representing 0.6 (4.5) percent of sales, including EUR 39 (10) million in project cost overruns in Kalmar.
- Operating profit was EUR -6.0 (32.9) million, representing -0.7 (3.9) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 24.4 (-12.4) million.
- Net income for the period amounted to EUR -9.3 (21.9) million.
- Earnings per share was EUR -0.15 (0.36).

January–June 2013 in brief

- Orders received increased 14 percent and totalled EUR 1,856 (1,624) million.
- Sales grew 3 percent to EUR 1,555 (1,515) million.
- Operating profit excluding restructuring costs was EUR 29.3 (52.5) million, representing 1.9 (3.5) percent of sales.
- Operating profit was EUR 17.8 (46.1) million, representing 1.1 (3.0) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 56.9 (8.8) million.
- Net income for the period amounted to EUR 3.6 (28.4) million.
- Earnings per share was EUR 0.05 (0.46).

Outlook for 2014 unchanged

Cargotec's 2014 sales are expected to grow from 2013. Operating profit excluding restructuring costs for 2014 is expected to improve from 2013.

Cargotec's key figures

MEUR	**Q2/14**	Q2/13	Change	**Q1-Q2/14**	Q1-Q2/13	Change	2013
Orders received	**993**	833	19%	**1,856**	1,624	14%	3,307
Order book, end of period	**2,285**	2,147	6%	**2,285**	2,147	6%	1,980
Sales	**804**	836	-4%	**1,555**	1,515	3%	3,181
Operating profit excluding restructuring costs	**4.7**	37.5	-87%	**29.3**	52.5	-44%	126.5
Operating profit excluding restructuring costs, %	**0.6**	4.5		**1.9**	3.5		4.0
Operating profit/loss	**-6.0**	32.9	-118%	**17.8**	46.1	-61%	92.5
Operating profit/loss, %	**-0.7**	3.9		**1.1**	3.0		2.9
Income before taxes	**-12.9**	29.6		**5.4**	40.4		78.7
Cash flow from operations	**24.4**	-12.4		**56.9**	8.8		180.9
Net income for the period	**-9.3**	21.9		**3.6**	28.4		55.4
Earnings per share, EUR	**-0.15**	0.36		**0.05**	0.46		0.89
Net debt, end of period	**847**	567		**847**	567		578
Gearing, %	**71.9**	48.9		**71.9**	48.9		46.7
Personnel, end of period	**10,879**	10,302		**10,879**	10,302		10,610

Financials include project cost overruns in Kalmar

Cargotec's President and CEO Mika Vehviläinen:
Market activity remained brisk, with our orders for the second quarter growing in all business areas. Both Kalmar and Hiab had strong order intake compared to the previous quarters. In MacGregor, recent acquisitions supported the growth in orders compared to the comparison period.

Due to a previously announced cost overrun in Kalmar projects, operating profit for the second quarter was unsatisfactory. As expected, MacGregor and Hiab saw positive profit development.

The EUR 40 million profit improvement programme currently being implemented in both Kalmar and Hiab is proceeding as planned, and is actually ahead of schedule in Hiab. Unfortunately, due to project cost overruns, the effects of the programme are yet to make a visible impact on Kalmar's operating profit. We are continuing our determined efforts to see this programme through.

We have decided to reverse earlier plans to separately list MacGregor business. We focus on delivering profitable growth within the new MacGregor as part of the overall Cargotec portfolio.

Press conference for analysts and media
A press conference for analysts and media, combined with a live international telephone conference, will be arranged on the publishing day at 1:30 p.m. EEST at Cargotec's head office, Porkkalankatu 5, Helsinki. The event will be held in English. The report will be presented by President and CEO Mika Vehviläinen and Executive Vice President, CFO Eeva Sipilä. The presentation material will be available at www.cargotec.com by 1:30 p.m. EEST.

The telephone conference, during which questions may be presented, can be accessed using the following numbers ten minutes before the beginning of the event with access code Cargotec/945648:
FI: +358 9 2313 9202
SE: +46 8 5052 0114
UK: +44 207 1620 177
US: +1 334 323 6203

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

A replay of the conference call will be available until midnight 20 July 2014 in the following numbers: US callers +1 954 334 0342, non-US callers +44 20 7031 4064, access code 945648.

For further information, please contact:
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Cargotec shapes the cargo handling industry for the benefit of its customers and shareholders. Cargotec's business areas MacGregor, Kalmar and Hiab are recognised leaders in cargo and load handling solutions around the world. Their global network is positioned close to customers and offers extensive services that ensure a continuous, reliable and sustainable performance according to customers' needs. Cargotec's sales totalled approximately EUR 3.2 billion and it employs approximately 11,000 people. Cargotec's class B shares are quoted on NASDAQ OMX Helsinki under symbol CGCBV. www.cargotec.com

Cargotec's January–June 2014 interim report

Operating environment
Due to the recovery in new ship orders, the market for marine cargo handling equipment for merchant ships was healthy, even if the merchant ship markets are marked by uncertainty in the short term due to the fact that supply and demand are not yet in balance. The offshore cargo handling market was brisk, supported by the growing need for handling equipment meeting deep-sea requirements. In the short-term, decision-making is impacted by the emphasis among customers on securing a sufficient return on capital. In the merchant ship market, demand focused on bulk vessels. Demand for services showed some signs of recovery.

The estimate of container through-put growth in ports for 2014 rose to just under five percent during the second quarter. In general, demand for smaller container handling equipment and automation solutions in ports was healthy during the first half of the year. Caution among customers with respect to investment decisions was reflected in large port projects. In Europe and the Americas demand was healthy, while in Asia it remained satisfactory due to hesitancy among customers. Demand for services was healthy.

During the first half, the market for load handling equipment was stable despite the prevailing economic uncertainty. Demand was highest for truck-mounted forklifts and tail lifts, while demand for loader cranes was somewhat lower. Demand for services was healthy.

Orders received and order book
Orders received during the second quarter increased by 19 percent from the comparison period and totalled EUR 993 (833) million. Compared to the comparison period, currency rate changes had a five percentage point negative impact on orders received. Orders received grew in all business areas. In MacGregor, the contribution of the two recently acquired businesses to orders received was EUR 81 million. Service orders grew 13 percent from the comparison period, as orders grew in EMEA (Europe, Middle East, Africa).

Orders received for January–June grew 14 percent from the comparison period and totalled EUR 1,856 (1,624) million. Compared to the comparison period, currency rate changes had a five percentage point negative impact on orders received. Of the first-half orders, 35 percent were received by MacGregor, 39 percent by Kalmar, and 26 percent by Hiab. In geographical terms, the share of orders received increased to 43 (40) percent in EMEA and to 34 (32) percent in Asia-Pacific. The Americas share of all orders was 23 (28) percent. Service orders accounted for 23 (22) percent of total orders.

The order book grew by 15 percent from the 2013 year-end level, and at the end of the second quarter it totalled EUR 2,285 (31 Dec 2013: 1,980) million. MacGregor's order book totalled EUR 1,181 (980) million, representing 52 (50) percent, Kalmar's EUR 855 (799) million, or 37 (40) percent, and that of Hiab EUR 249 (203) million, or 11 (10) percent of the consolidated order book.

Orders received by reporting segment

MEUR	**Q2/14**	Q2/13	Change	**Q1-Q2/14**	Q1-Q2/13	Change	2013
MacGregor	**338**	284	19%	**653**	493	32%	1,011
Kalmar	**394**	342	15%	**725**	707	2%	1,430
Hiab	**261**	208	26%	**479**	424	13%	869
Internal orders	**-1**	0		**-1**	-1		-3
Total	**993**	833	19%	**1,856**	1,624	14%	3,307

Orders received by geographical area

MEUR	**Q2/14**	Q2/13	Change	**Q1-Q2/14**	Q1-Q2/13	Change	2013
EMEA	**392**	334	18%	**788**	653	21%	1,343
Asia-Pacific	**357**	268	33%	**633**	514	23%	1,079
Americas	**244**	231	6%	**435**	457	-5%	885
Total	**993**	833	19%	**1,856**	1,624	14%	3,307

Sales

Second-quarter sales declined four percent from the comparison period, to EUR 804 (836) million. Compared to the comparison period, currency rate changes had a four percentage point negative impact on sales. Sales in services grew 11 percent from the comparison period and totalled EUR 202 (182) million, representing 25 (22) percent of consolidated sales. The contribution of the acquired businesses in MacGregor to sales was EUR 62 million.

January–June sales grew three percent from the comparison period and totalled EUR 1,555 (1,515) million. Compared to the comparison period, currency rate changes had a four percentage point negative impact on sales. Sales in services amounted to EUR 396 (355) million, representing 25 (23) percent of sales. The contribution of the acquired businesses in MacGregor to sales was EUR 111 million. Sales in Kalmar decreased by 11 percent and that of Hiab grew by four percent from the comparison period. Services sales grew in EMEA and were at the comparison period level in the Americas and Asia-Pacific. EMEA's share of consolidated sales grew to 46 (44) percent and that of Asia-Pacific declined to 29 (32) percent. Americas represented 25 (24) percent of sales.

Sales by reporting segment

MEUR	**Q2/14**	Q2/13	Change	**Q1-Q2/14**	Q1-Q2/13	Change	2013
MacGregor	**261**	211	24%	**478**	376	27%	794
Kalmar	**323**	405	-20%	**649**	727	-11%	1,550
Hiab	**221**	221	0%	**429**	413	4%	841
Internal sales	**-1**	0		**-1**	-1		-3
Total	**804**	836	-4%	**1,555**	1,515	3%	3,181

Sales by geographical area

MEUR	**Q2/14**	Q2/13	Change	**Q1-Q2/14**	Q1-Q2/13	Change	2013
EMEA	**355**	345	3%	**718**	668	7%	1,385
Asia-Pacific	**237**	294	-19%	**448**	484	-7%	1,003
Americas	**212**	198	7%	**389**	363	7%	793
Total	**804**	836	-4%	**1,555**	1,515	3%	3,181

Financial result
Operating profit for the second quarter declined from the comparison period, totalling EUR -6.0 (32.9) million. Operating profit includes EUR 10.7 (4.6) million in restructuring costs. EUR 0.0 (0.1) million of the restructuring costs are related to MacGregor, EUR 0.2 (1.5) million to Kalmar, EUR 10.4 (3.0) million to Hiab, and EUR 0.0 (0.0) million to corporate administration and support functions. In addition, operating profit includes EUR 39 (10) million in project cost overruns in Kalmar.

Operating profit for the second quarter, excluding restructuring costs, was EUR 4.7 (37.5) million, representing 0.6 (4.5) percent of sales. Excluding restructuring costs, operating profit for MacGregor amounted to EUR 14.9 (18.3) million, Kalmar EUR -19.4 (16.0) million, and Hiab EUR 15.6 (8.9) million.

Operating profit for January–June declined from the comparison period, totalling EUR 17.8 (46.1) million. Operating profit includes EUR 11.5 (6.4) million in restructuring costs. EUR 0.0 (0.2) million of the restructuring costs are related to MacGregor, EUR 0.8 (1.5) million to Kalmar, EUR 10.3 (4.6) million to Hiab, and EUR 0.4 (0.1) million to corporate administration and support functions. In addition, operating profit includes EUR 48 (16) million in project cost overruns in Kalmar.

Operating profit for January–June excluding restucturing costs totalled EUR 29.3 (52.5) million, representing 1.9 (3.5) percent of sales. Excluding resturucturing costs, operating profit for MacGregor amounted to EUR 22.6 (30.5) million, Kalmar EUR -8.2 (22.9) million, and Hiab EUR 29.0 (12.5) million.

Net interest expenses for interest-bearing debt and assets for the second quarter totalled EUR -6.2 (-4.5) million. Net financing expenses totalled EUR -6.9 (-3.3) million. Net interest expenses for interest-bearing debt and asset for January–June totalled EUR -12.8 (-9.3) million and net financing expenses EUR -12.4 (-5.7) million.

Net income for the second quarter totalled EUR -9.3 (21.9) million, and earnings per share EUR -0.15 (0.36). Net income for January–June totalled EUR 3.6 (28.4) million, and earnings per share EUR 0.05 (0.46).

Balance sheet, cash flow and financing
The consolidated balance sheet total was EUR 3,593 (31 Dec 2013: 3,336) million at the end of the second quarter. Equity attributable to equity holders was EUR 1,171 (1,233) million, representing

EUR 18.19 (19.18) per share. Property, plant and equipment on the balance sheet was EUR 313 (310) million and intangible assets were EUR 1,252 (1,085) million.

Return on equity (ROE, annualised) in January–June decreased to 0.6 (4.8) percent, and return on capital employed (ROCE, annualised) to 1.9 (5.3) percent.

Cash flow from operating activities for January–June, before financial items and taxes, totalled EUR 56.9 (8.8) million. Net working capital increased slightly during the reporting period, from EUR 213 million at the end of 2013 to EUR 224 million.

Cargotec's liquidity position is healthy. Interest-bearing net debt increased as a result of the acquisition completed at the end of January, and at the end of the second quarter it totalled EUR 847 (31 Dec 2013: 578) million. Interest-bearing debt amounted to EUR 1,030 (893) million, of which EUR 214 (300) million was current and EUR 815 (594) million non-current debt. In January–June, the average interest rate on the loan portfolio was 2.9 (2.6) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 183 (31 Dec 2013: 315) million.

In May, Cargotec signed an amendment and restatement agreement with a group of banks in order to strengthen its liquidity and financial position. This agreement extends the maturity of the EUR 300 million revolving credit facility from January 2016 to January 2019.

In May, Cargotec and Nordic Investment Bank signed an eight-year loan agreement, totalling EUR 50 million, in order to finance the acquisition of Aker Solution's mooring and loading systems unit, which was finalised in January.

In March, Cargotec issued a senior unsecured bond of EUR 150 million. This six-year bond matures on 31 March 2020, and it carries a fixed annual interest of 3.375 percent. NASDAQ OMX Helsinki Ltd admitted the bond to public trading as of 3 April 2014.

At the end of the second quarter, Cargotec's total equity/total assets ratio was 35.0 (31 Dec 2013: 39.5) percent. Gearing rose from its 2013 year-end level of 46.7 percent to 71.9 percent. The completed acquisition in MacGregor and dividend payment raised gearing.

New products and product development

Research and product development expenditure for January–June totalled EUR 33.4 (31.3) million, representing 2.1 (2.1) percent of sales. Research and product development investments were focused on projects that aim to improve the competitiveness and cost efficiency of products.

MacGregor

MacGregor has taken the lead in delivering supersized subsea cranes. During the first quarter, MacGregor introduced a new system enabling the safe changing of various types of hooks using existing facilities on board, and the storage of extra hooks with the minimum loss of valuable deck space. MacGregor continued to develop its range of offshore winch technology, as well as its new offshore wire luffing crane. The MacGregor three-axis motion crane, which was introduced in the first quarter of 2013, won the Offshore Support Journal's Innovation of the Year award.

Kalmar
In June, Kalmar presented Automated Truck Handling at the TOC Europe trade exhibition. As the first solution of its kind in the world, this has already been implemented in the landside operations of the DP World London Gateway terminal. The solution increases safety and efficiency by allowing the crane to automatically adjust the position of the container for the perfect grounding onto the trailer. Another showcased solution was Kalmar automated rubber-tyred gantry (RTG) crane technology, which is being implemented at the Port of Oslo in Norway, making Oslo the world's first RTG terminal to deploy this sophisticated combination of automated positioning technology and process automation.

During the first quarter, Kalmar presented a dual-fuel (liquefied natural gas and diesel) reachstacker created in partnership with a customer, Global Service, under the EU-funded Greencranes initiative. Kalmar also introduced a new generation terminal tractor to the North American market. In the tractor's design, special attention was paid to enabling speedy and easy maintenance and servicing. This terminal tractor features top-level operability, while the redesigned cab further enhances its usability. The terminal tractor was given excellent reception by the markets. Kalmar expanded its SmartPort process automation portfolio with two new solutions. The stack profiling option ensures safety by recognising the position of containers within the stack. An anti-truck lifting option ensures that trucks are correctly loaded, preventing unintentional lifting.

Hiab
In May, Hiab introduced two new load cranes for emerging markets. These cranes fulfil customers' requirements based on their versatility, good performance, reliability and easy operation.

During the first quarter, Hiab introduced a new crane specifically designed for waste handling. The crane mounts on top of a vehicle, freeing the maximum amount of space for the stowage of waste. This makes the collection of household waste in congested cities faster, safer, cheaper and more environmentally friendly than before.

Capital expenditure
Capital expenditure for January–June, excluding acquisitions and customer financing, totalled EUR 16.3 (36.4) million. Investments in customer financing were EUR 22.0 (11.4) million. Depreciation, amortisation and impairment amounted to EUR 42.6 (31.7) million.

As part of the development of its manufacturing footprint, Hiab sold its paint shop operation in Hudiksvall, Sweden to IBE Spectrum AB during the second quarter. As a result, 16 employees were transferred to IBE Spectrum AB. At the same time, Hiab will expand its R&D activities in Hudiksvall and invest close to EUR 2 million in its product development and test centre. The aim is to further broaden and deepen Hiab's ability to develop and test technologies, materials and concepts as well as components and products by expanding its product development operations and extending the existing test centre. No investment costs were booked in the second quarter.

In June 2012, Cargotec announced plans to invest in its multi-assembly unit (MAU) in Stargard Szczecinski, Northern Poland. In January–June, the value of this investment in a new painting and assembly area was EUR 4 million and the construction work was completed. Assembly of forestry and recycling cranes will begin in Stargard during the year and that of loader cranes will be expanded. The new painting and assembly area will be fully operational by the beginning of 2015.

Acquisitions and divestments
In June, Cargotec made an agreement to sell its engineering centre in India and entered into a long-term partnership with Citec. This transaction includes the transfer of Cargotec's engineering business and its 110 employees from Cargotec to Citec. The deal will be closed during the third quarter.

During the first quarter, Hiab sold 60 percent of Cargotec Engineering Italy S.r.l, in Italy. This transaction had no material effect on Cargotec's result. In addition, MacGregor acquired the Norwegian privately-owned Deep Water Solutions AS, specialising in lifting applications that utilise electric multi-drive technology. The company employs four people.

The acquisition of the mooring and loading systems unit from Aker Solutions was completed in January. The unit has been consolidated into MacGregor's results as of 1 February 2014.

Personnel
Cargotec employed 10,879 (31 Dec 2013: 10,610) people at the end of the second quarter. MacGregor employed 2,695 (2,354) people, Kalmar 5,305 (5,269), Hiab 2,706 (2,823) and corporate administration and support functions 173 (164). The average number of employees in January–June was 10,870 (10,143). MacGregor’s number of employees increased as a result of the completed acquisition.

At the end of the second quarter, 13 (31 Dec 2013: 15) percent of the employees were located in Sweden, nine (8) percent in Finland and 37 (35) percent in the rest of Europe. Asia-Pacific personnel represented 25 (25) percent, North and South American 14 (14) percent, and the rest of the world two (3) percent of total employees.

In February, Cargotec announced plans to restructure Hiab’s operations in Hudiksvall, Sweden, and began personnel cooperation negotiations. The negotiations were completed in May. As a result, 134 employees were affected. In addition, 16 employees were transferred to IBE Spectrum AB, to whom Hiab sold its paint shop operation in Hudiksvall earlier in May. The restructuring measures are expected to result in annual cost savings of approximately EUR 11 million, which will take full effect from the year 2016. During the second quarter, EUR 10 million was booked in restructuring costs for these measures.

Measures announced in October 2013, targeting efficiency improvement and cost reduction in Hiab, were completed during the reporting period. These measures resulted in a reduction of 220 employees. In relation to these measures, Hiab booked EUR 9 million in restructuring costs, of which EUR 1 million in the first half of 2014.

MacGregor listing in Asia
Cargotec has decided to reverse earlier plans to separately list its MacGregor business. Cargotec’s Board of Directors expects that shareholder value will be best created by fully focusing on the integration of newly acquired businesses into MacGregor and by delivering profitable growth within the new MacGregor as part of the overall Cargotec portfolio.

Executive Board

Roland Sundén was appointed President of the Hiab business area as of 1 May 2014. Eric Nielsen, President of MacGregor business area, resigned from Cargotec on 12 June 2014. President and CEO Mika Vehviläinen is acting as interim President of MacGregor. At the end of the reporting period, Cargotec's Executive Board included President and CEO Mika Vehviläinen; Executive Vice President and Chief Financial Officer Eeva Sipilä; Senior Vice President, Human Resources, Mikko Pelkonen; Senior Vice President, Strategy, Mikael Laine; and business area presidents Olli Isotalo (Kalmar) and Roland Sundén (Hiab). Senior Vice President, General Counsel Outi Aaltonen acts as Secretary to the Executive Board.

Reporting segments

MacGregor

MEUR	**Q2/14**	Q2/13	Change	**Q1-Q2/14**	Q1-Q2/13	Change	2013
Orders received	**338**	284	19%	**653**	493	32%	1,011
Order book, end of period	**1,181**	914	29%	**1,181**	914	29%	980
Sales	**261**	211	24%	**478**	376	27%	794
Sales of services	**56**	36		**106**	70		147
% sales	**21**	17		**22**	19		18
Operating profit/loss (EBIT)	**14.9**	18.3		**22.6**	30.3		60.0
% sales	**5.7**	8.7		**4.7**	8.1		7.6
Operating profit/loss (EBIT)*	**14.9**	18.3		**22.6**	30.5		62.7
% sales*	**5.7**	8.7		**4.7**	8.1		7.9
Personnel, end of period	**2,695**	1,788		**2,695**	1,788		2,354

*excluding restructuring costs

MacGregor's orders for the second quarter grew 19 percent from the comparison period and amounted to EUR 338 (284) million. The contribution of the two recently acquired businesses to orders received was EUR 81 million. Orders for both bulk ship cargo handling equipment and offshore solutions accounted for a third of orders received.

Major orders received by MacGregor in the second quarter included the following:

- a repeat order for optimised cargo handling systems for seven large container vessels to South Korea,
- electric hatch covers for ten bulk vessels to be built in South Korea,
- deck equipment from the combined MacGregor and Hatlapa portfolio for two anchor handling tug vessels to Indonesia, as well as
- seven linkspans to Sweden.

Orders for January–June grew 32 percent and totalled EUR 653 (493) million. The contribution of the acquired business to orders received was EUR 145 million. Order book grew 21 percent from the 2013 year-end, totalling EUR 1,181 (31 Dec 2013: 980) million at the end of the second quarter. More than 70 percent of the order book is merchant ship-related. Offshore support vessel-related orders comprised closed to 30 percent of the order book.

MacGregor's second-quarter sales grew 24 percent from the comparison period, totalling EUR 261 (211) million. The contribution of the acquired businesses to sales was EUR 62 million. The share of services sales grew to 21 (17) percent, or EUR 56 (36) million. January–June sales grew 27 percent from the comparison period to EUR 478 (376) million. The contribution of the acquisitions to sales was EUR 111 million. Sales for services totalled EUR 106 (70) million, representing 22 (19) percent of sales.

MacGregor's operating profit for the second quarter totalled EUR 14.9 (18.3) million, representing 5.7 (8.7) percent of sales. The 2013 comparison period included EUR 0.1 million in restructuring costs. Operating profit includes EUR 2.4 (-) million in amortisation and depreciation of fixed assets related to business acquisitions. Operating profit margin excluding amortisation and depreciation of fixed assets related to business acquisitions was 6.6 (8.7) percent.

January–June operating profit amounted to EUR 22.6 (30.3) million. Operating profit includes EUR 0.0 (0.2) million in restructuring costs and EUR 4.4 (-) million in amortisation and depreciation of fixed assets related to business acquisitions, as well as one-time costs of EUR 1.2 million related to the fair value measurement of acquired assets in business acquisitions and acquisition-related one-time costs of EUR 1.8 million booked in the first quarter. Operating profit excluding restructuring costs totalled EUR 22.6 (30.5) million, representing 4.7 (8.1) percent of sales. The operating profit margin was burdened by low delivery volumes for merchant ships in particular.

Kalmar

MEUR	**Q2/14**	Q2/13	Change	**Q1-Q2/14**	Q1-Q2/13	Change	2013
Orders received	**394**	342	15%	**725**	707	2%	1,430
Order book, end of period	**855**	1,037	-17%	**855**	1,037	-17%	799
Sales	**323**	405	-20%	**649**	727	-11%	1,550
Sales of services	**97**	95		**193**	187		386
% sales	**30**	24		**30**	26		25
Operating profit/loss (EBIT)	**-19.7**	14.5		**-9.0**	21.5		56.9
% sales	**-6.1**	3.6		**-1.4**	3.0		3.7
Operating profit/loss (EBIT)*	**-19.4**	16.0		**-8.2**	22.9		64.0
% sales*	**-6.0**	3.9		**-1.3**	3.2		4.1
Personnel, end of period	**5,305**	5,445		**5,305**	5,445		5,269

*excluding restructuring costs

In the second quarter, orders received by Kalmar grew 15 percent from the comparison period and totalled EUR 394 (342) million. Demand for terminal tractors, forklift trucks and spreaders was brisk.

Major orders received by Kalmar in the second quarter included the following:

- 10 straddle carriers to Italy,
- 12 terminal tractors, seven fork lift trucks and one reachstacker to Russia,
- one Siwertell unloader to Libya, as well as
- heightening project for three ship-to-shore cranes in Spain.

Orders received increased two percent from comparison period in January–June, and were EUR 725 (707) million. The order book increased seven percent from 2013 year-end, and at the end of the second quarter it totalled EUR 855 (31 Dec 2013: 799) million.

Kalmar's second-quarter sales, amounting to EUR 323 (405) million, declined from the comparison period. Sales for services grew slightly and amounted to EUR 97 (95) million, representing 30 (24) percent of sales. January–June sales declined to EUR 649 (727) million. Sales for services grew to EUR 193 (187) million, or 30 (26) percent of sales. Sales declined due to clearly lower project deliveries compared to the comparison period.

Kalmar's second-quarter operating profit fell from the comparison period and totalled EUR -19.7 (14.5) million. Operating profit includes EUR 0.2 (1.5) million in restructuring costs. Operating profit also includes EUR 39 (10) million in project cost overruns, a major part of which related to one ship-to-shore crane project sold in 2012. Operating profit, excluding restructuring costs, amounted to EUR -19.4 (16.0) million, representing -6.0 (3.9) percent of sales.

Operating profit for January–June declined from the comparison period and totalled EUR -9.0 (21.5) million. Operating profit includes EUR 0.8 (1.5) million in restructuring costs. Operating profit also includes EUR 48 (16) million in project cost overruns, a major part of which related to one ship-to-shore crane project sold in 2012. Operating profit, excluding restructuring costs, amounted to EUR -8.2 (22.9) million, representing -1.3 (3.2) percent of sales. Profitability improved in other Kalmar businesses thanks to a programme targetting a EUR 40 million run-rate improvement by the end of 2014. New cost-efficient products were well received by the markets.

Hiab

MEUR	**Q2/14**	Q2/13	Change	**Q1-Q2/14**	Q1-Q2/13	Change	2013
Orders received	**261**	208	26%	**479**	424	13%	869
Order book, end of period	**249**	198	26%	**249**	198	26%	203
Sales	**221**	221	0%	**429**	413	4%	841
Sales of services	**49**	51		**98**	98		197
% sales	**22**	23		**23**	24		23
Operating profit/loss (EBIT)	**5.3**	5.9		**18.7**	7.9		0.4
% sales	**2.4**	2.7		**4.4**	1.9		0.1
Operating profit/loss (EBIT)*	**15.6**	8.9		**29.0**	12.5		24.4
% sales*	**7.1**	4.0		**6.8**	3.0		2.9
Personnel, end of period	**2,706**	2,910		**2,706**	2,910		2,823

*excluding restructuring costs

Hiab's orders received for the second quarter increased 26 percent on the comparison period and were EUR 261 (208) million. In May, Hiab received a major order, worth over EUR 40 million, for demountables and loader cranes, from Rheinmetall MAN Military Vehicles GmbH of Germany. In addition, in June Hiab received an order worth over EUR 6 million for hooklifts, loader cranes and demountables from the Finnish Defence Forces. Otherwise orders consisted of small, individual orders typical of the business. In January–June, orders received totalled EUR 479 (424) million. The order book grew 23 percent from 2013 year-end, totalling EUR 249 (31 Dec 2013: 203) million at the end of the second quarter.

Hiab's second-quarter sales were at the comparison period level and totalled EUR 221 (221) million. Sales for services amounted to EUR 49 (51) million, representing 22 (23) percent of sales. January–June sales grew four percent from the comparison period and amounted to EUR 429 (413) million. Sales for services totalled EUR 98 (98) million, or 23 (24) percent of sales.

Operating profit for Hiab in the second quarter was at the comparison period's level and totalled EUR 5.3 (5.9) million. Operating profit includes EUR 10.4 (3.0) million in restructuring costs, which mainly related to the closure of assembly operations in Hudiksvall, Sweden. Operating profit, excluding restructuring costs, clearly improved as a result of actions taken to improve profitability and amounted to EUR 15.6 (8.9) million, representing 7.1 (4.0) percent of sales.

Operating profit for January–June clearly improved from the comparison period and totalled EUR 18.7 (7.9) million as a result of measures taken to improve efficiency. Operating profit includes EUR 10.3 (4.6) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 29.0 (12.5), representing 6.8 (3.0) percent of sales. Targetting a EUR 40 million run-rate improvement by the end of 2014, the profitability improvement programme is proceeding ahead of schedule. The main drivers of the improvement are a strong focus on price realisation, product cost reductions through design to cost and lower operating expenses.

Decisions taken at Cargotec Corporation's Annual General Meeting
Cargotec Corporation's Annual General Meeting (AGM), held on 18 March 2014, approved the 2013 financial statements and consolidated financial statements, discharging the President and CEO and members of the Board of Directors from liability for the accounting period 1 January–31 December 2013. The Annual General Meeting approved a dividend of EUR 0.41 for each class A share and a dividend of EUR 0.42 for each class B share. The dividend payment date was 28 March 2014.

The AGM authorised the Board to decide on the repurchase of Cargotec's shares. The authorisation shall remain in effect for a period of 18 months from the resolution by the AGM. The AGM also authorised the Board to decide on the issuance of shares, as well as the issuance of options and other special rights entitling to shares. The authorisation remains in effect for a period of five years following the date of the decision of the AGM. More detailed information on the authorisations was published in a stock exchange release on the date of the AGM, 18 March 2014.

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

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

Organisation of the Board of Directors
On 18 March 2014, the Board of Directors elected Ilkka Herlin to continue as Chairman of the Board. Tapio Hakakari was elected as Vice Chairman. Outi Aaltonen, Senior Vice President, General Counsel, continues as Secretary to the Board.

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

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

Shares and trading

Share capital, own shares and share issue

Cargotec Corporation’s share capital totalled EUR 64,304,880 at the end of June. The number of class B shares was 54,884,506, while the number of class A shares totalled 9,526,089. During the second quarter, a total of 96,001 new Cargotec class B shares were subscribed for with stock options 2010A and 2010B. The entire subscription price of EUR 1,792,542.20 was credited to the reserve for invested non-restricted equity, meaning that Cargotec's share capital remains unchanged.

On 12 March 2014, Cargotec repurchased 26,684 of its own class B shares based on the authorisation given by the AGM on 20 March 2013. The total purchase price was EUR 867,737. Based on the authorisation granted by the AGM on 18 March 2014, the Board of Directors decided on 18 March 2014 on a directed share issue as a reward payment under a share-based incentive programme. On 31 March 2014, these shares were transferred without consideration to 20 persons participating in the incentive programme, who fulfilled the earnings criteria. Following the share transfer, Cargotec does not hold any own shares.

Share-based incentive programmes

In February 2014, Cargotec’s Board of Directors approved a new long-term incentive programme for key personnel at Cargotec. The number of participants will be approximately 75 persons, including Cargotec's President and CEO and members of the Executive Board. The programme’s first phase includes specific financial performance targets for the year 2014 (business area or corporate operating profit and working capital). The second phase consists of an additional earnings multiplier, which is based on Cargotec's market value (including both class A and class B shares) at the end of a three-year performance period in 2016.

The potential reward will be delivered in Cargotec class B shares at the beginning of 2017. If the targets are fully met for the maximum number of participants, the cost of the programme for the three-year period will be approximately EUR 12 million. If the financial performance threshold levels are not met, there will not be any incentive payment.

As part of total compensation, additional restricted share grants can be allocated for a selected few key employees during 2014–2016. If the financial performance threshold levels are met for the maximum number of participants, the cost of the programme for the three-year period will be approximately EUR 2.9 million. If the financial performance threshold levels are not met, there will not be any incentive payment.

Recognition of the programme began in the second quarter of 2014.

Option programme

The 2010 AGM confirmed that stock options will be issued for the key personnel at Cargotec and its subsidiaries. The programme includes 2010A, 2010B and 2010C stock options, with 400,000 stock options in each series. For share subscription to commence, the required attainment of targets is determined by the Board of Directors.

2010A stock options were listed on the main list of NASDAQ OMX Helsinki on 2 April 2013. Each stock option entitles its holder to subscribe for one (1) new class B share in Cargotec between 1

April 2013 and 30 April 2015. The share subscription price at the end of June 2014 was EUR 18.60 per share and the number of listed 2010A stock options was 294,925.

On 1 April 2014, a total of 21,136 2010B stock options assigned to 58 key employees, and entitling holders to subscribe for 21,136 Cargotec class B shares between 1 April 2014 and 30 April 2016, were listed on the main list of NASDAQ OMX Helsinki. The share subscription price at the end of June 2014 was EUR 29.09 and the number of listed 2010B stock options was 20,496.

In March, the Board decided to cancel a total of 378,864 2010B stock options and a total of 400,000 2010C stock options held by the company, as the earnings criteria for these stock options were not fulfilled.

Market capitalisation and trading

At the end of June, the total market value of class B shares was EUR 1,528 (1,066) million. The period-end market capitalisation, in which unlisted class A shares are valued at the average price of class B shares on the last trading day of the period, was EUR 1,793 (1,262) million. Comparison figures exclude treasury shares held by the company at the end of the comparison period.

The class B share closed at EUR 27.84 (20.56) on the last trading day of June on NASDAQ OMX Helsinki Ltd. The volume-weighted average share price for the period was EUR 30.19 (22.95), the highest quotation being EUR 34.67 (27.57) and the lowest EUR 25.86 (19.35). In January–June, a total of 25 (22) million class B shares were traded on NASDAQ OMX Helsinki Ltd., corresponding to a turnover of EUR 770 (501) million. In addition, according to Fidessa, a total of 36 (15) million class B shares were traded in several alternative market places, such as BATS Chi-X CXE and Turquoise, corresponding to a turnover of EUR 1,094 (337) million.

Short-term risks and uncertainties

Developments in the global economy and cargo flows have a direct effect on Cargotec's business environment and customers' willingness to invest. Uncertainty related to economic developments is estimated to continue in 2014, mainly in Europe. The revival which began last year in the merchant ship market may still face risks, as there is continued overcapacity in the industry. The order lead time for load handling equipment is three to four months, which is clearly shorter than for other Cargotec products. Any possible sudden deterioration in demand would therefore require a quick response at Hiab.

Risks stemming from the global political situation, or volatility on the currency markets or in the financing sector could add to this uncertainty within the operating environment. Greater difficulty in obtaining financing would weaken customers' liquidity and investments.

Kalmar is in the final stages of delivering the major port projects sold in 2011–2012 and could still receive compensation claims from customers related to delays in some of these delivered projects. The financial outcome of these claims will be subject to negotiations between the customer and supply chain parties.

MacGregor is integrating its two recent acquisitions. Success in doing so will have an essential effect on value creation associated with the acquisitions. MacGregor is seeking significant synergy gains that will improve its profitability. The impact of such gains depends on the efficiency and speed of the integration. Due to long lead times within the business, the impact of new sales and supply chain synergies will become more visible in profitability from 2015. However, in 2014 MacGregor is targetting new orders, with a total value exceeding EUR 50 million, based on its new, combined offering.

Outlook for 2014

Cargotec's 2014 sales are expected to grow from 2013. Operating profit excluding restructuring costs for 2014 is expected to improve from 2013.

Financial calendar 2014

January–September 2014 interim report, Thursday, 23 October 2014

Helsinki, 18 July 2014
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Consolidated statement of income

MEUR	**4-6/2014**	**4-6/2013**	**1-6/2014**	**1-6/2013**	**1-12/2013**
Sales	**803.9**	**836.3**	**1,554.7**	**1,515.1**	**3,181.0**
Cost of goods sold	-675.8	-681.3	-1,279.5	-1,237.4	-2,598.3
Gross profit	**128.0**	**155.0**	**275.2**	**277.6**	**582.8**
Gross profit, %	*15.9*	*18.5*	*17.7*	*18.3*	*18.3*
Other operating income	11.0	5.4	20.2	18.5	44.0
Selling and marketing expenses	-48.1	-47.9	-94.4	-90.1	-182.0
Research and development expenses	-16.7	-14.8	-32.7	-29.2	-58.8
Administration expenses	-56.3	-50.0	-110.4	-101.9	-201.5
Restructuring costs	-10.7	-4.6	-11.5	-6.4	-34.0
Other operating expenses	-13.0	-10.7	-27.6	-22.3	-57.7
Costs and expenses	-133.8	-122.5	-256.4	-231.3	-490.0
Share of associated companies' and joint ventures' net income	-0.3	0.5	-1.0	-0.3	-0.2
Operating profit	**-6.0**	**32.9**	**17.8**	**46.1**	**92.5**
Operating profit, %	*-0.7*	*3.9*	*1.1*	*3.0*	*2.9*
Financing income and expenses	-6.9	-3.3	-12.4	-5.7	-13.9
Income before taxes	**-12.9**	**29.6**	**5.4**	**40.4**	**78.7**
Income before taxes, %	*-1.6*	*3.5*	*0.3*	*2.7*	*2.5*
Income taxes	3.6	-7.7	-1.8	-12.0	-23.3
Net income for the period	**-9.3**	**21.9**	**3.6**	**28.4**	**55.4**
Net income for the period, %	*-1.2*	*2.6*	*0.2*	*1.9*	*1.7*
Net income for the period attributable to:					
Equity holders of the company	-9.4	21.9	3.3	28.1	54.8
Non-controlling interest	0.1	0.0	0.3	0.2	0.6
Total	**-9.3**	**21.9**	**3.6**	**28.4**	**55.4**
Earnings per share for profit attributable to the equity holders of the company:					
Basic earnings per share, EUR	-0.15	0.36	0.05	0.46	0.89
Diluted earnings per share, EUR	-0.15	0.36	0.05	0.46	0.89

Consolidated statement of comprehensive income

MEUR	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Net income for the period	-9.3	21.9	3.6	28.4	55.4
Items that will not be reclassified to statement of income:					
Defined benefit plan acturial gains (+) / losses (-)	0.1	0.9	-0.6	0.4	6.1
Taxes relating to items that will not be reclassified to statement of income	0.0	-0.2	0.2	-0.1	-1.4
Total	**0.1**	**0.7**	**-0.4**	**0.3**	**4.7**
Items that may be reclassified subsequently to statement of income:					
Gain/loss on cash flow hedges	-7.7	-8.6	-11.8	-7.7	-0.5
Gain/loss on cash flow hedges transferred to statement of income	0.2	-8.9	0.9	-8.2	-9.7
Translation differences	-28.7	-74.1	-40.3	-42.7	-75.4
Taxes relating to items that may be reclassified subsequently to statement of income	10.6	19.6	12.2	11.9	14.3
Total	**-25.6**	**-72.0**	**-39.1**	**-46.7**	**-71.3**
Comprehensive income for the period	**-34.8**	**-49.4**	**-35.9**	**-18.1**	**-11.2**
Comprehensive income for the period attributable to:					
Equity holders of the company	-35.0	-49.3	-36.3	-18.3	-11.7
Non-controlling interest	0.3	-0.1	0.4	0.3	0.5
Total	**-34.8**	**-49.4**	**-35.9**	**-18.1**	**-11.2**

The notes are an integral part of this consolidated interim financial statements.

Consolidated balance sheet

ASSETS, MEUR	30 Jun 2014	30 Jun 2013	31 Dec 2013
Non-current assets			
Goodwill	961.6	824.1	865.5
Other intangible assets	290.0	186.8	219.0
Property, plant and equipment	313.1	274.6	310.1
Investments in associated companies and joint ventures	92.4	89.0	92.8
Available-for-sale investments	3.8	3.9	3.8
Loans receivable and other interest-bearing assets*	4.5	7.3	4.9
Deferred tax assets	159.0	132.0	138.9
Derivative assets	0.2	34.6	0.4
Other non-interest-bearing assets	5.8	5.2	4.7
Total non-current assets	**1,830.4**	**1,557.7**	**1,640.2**
Current assets			
Inventories	726.0	729.9	630.9
Loans receivable and other interest-bearing assets*	6.3	2.7	3.7
Income tax receivables	66.6	23.9	46.1
Derivative assets	10.3	15.6	18.1
Accounts receivable and other non-interest-bearing assets	781.4	716.8	690.5
Cash and cash equivalents*	171.9	136.3	306.2
Total current assets	**1,762.4**	**1,625.1**	**1,695.5**
Total assets	**3,592.9**	**3,182.8**	**3,335.7**

EQUITY AND LIABILITIES, MEUR	30 Jun 2014	30 Jun 2013	31 Dec 2013
Equity			
Share capital	64.3	64.3	64.3
Share premium account	98.0	98.0	98.0
Translation differences	33.3	92.9	64.1
Fair value reserves	-2.8	1.3	5.7
Reserve for invested non-restricted equity	75.3	0.1	73.5
Retained earnings	903.3	896.5	927.8
Equity attributable to the equity holders of the company	1,171.3	1,153.2	1,233.3
Non-controlling interest	6.5	4.3	6.2
Total equity	**1,177.9**	**1,157.5**	**1,239.4**
Non-current liabilities			
Interest-bearing liabilities*	811.0	402.4	585.3
Deferred tax liabilities	67.6	54.0	55.5
Pension obligations	61.8	66.0	61.1
Provisions	20.7	34.4	37.9
Derivative liabilities	4.2	25.8	3.2
Other non-interest-bearing liabilities	31.8	25.7	27.8
Total non-current liabilities	**997.2**	**608.3**	**770.9**
Current liabilities			
Current portion of interest-bearing liabilities*	8.8	110.8	94.3
Other interest-bearing liabilities*	205.6	203.3	205.2
Provisions	70.1	72.5	66.6
Advances received	230.3	253.1	196.8
Income tax payables	15.6	14.5	14.0
Derivative liabilities	35.4	35.1	20.2
Accounts payable and other non-interest-bearing liabilities	852.1	727.6	728.1
Total current liabilities	**1,417.9**	**1,417.0**	**1,325.3**
Total equity and liabilities	**3,592.9**	**3,182.8**	**3,335.7**

*Included in interest-bearing net debt. In addition, the calculation of the interest-bearing net debt includes the hedging of cross-currency risk relating to the USD 205 million Private Placement bond, totalling on 30 Jun 2014, EUR 4.2 (30 Jun 2013: -3.6 and 31 Dec 2013: 8.2) million.

The notes are an integral part of this consolidated interim financial statements.

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Translation differences	Fair value reserves	Reserve for invested non-restricted equity	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to the equity holders of the company								
Equity on 31 Dec 2012	**64.3**	**98.0**	**127.2**	**13.7**	**-**	**924.8**	**1,228.1**	**4.1**	**1,232.2**
Change in accounting principles						-13.6	-13.6	0.0	-13.6
Equity on 1 Jan 2013	**64.3**	**98.0**	**127.2**	**13.7**	**-**	**911.2**	**1,214.5**	**4.1**	**1,218.5**
Net income for the period						28.1	28.1	0.2	28.4
Cash flow hedges				-12.4			-12.4		-12.4
Translation differences			-34.3				-34.3	0.0	-34.3
Defined benefit plan actuarial gains (+)/losses (-)						0.3	0.3		0.3
Comprehensive income for the period*			**-34.3**	**-12.4**		**28.4**	**-18.3**	**0.3**	**-18.1**
Dividends paid						-44.1	-44.1		-44.1
Stock options exercised					0.1		0.1		0.1
Share-based incentives*						0.9	0.9		0.9
Transactions with owners of the company					**0.1**	**-43.1**	**-43.0**	**0.0**	**-43.0**
Equity on 30 Jun 2013	**64.3**	**98.0**	**92.9**	**1.3**	**0.1**	**896.5**	**1,153.2**	**4.3**	**1,157.5**
Equity on 1 Jan 2014	**64.3**	**98.0**	**64.1**	**5.7**	**73.5**	**927.8**	**1,233.3**	**6.2**	**1,239.4**
Net income for the period						3.3	3.3	0.3	3.6
Cash flow hedges				-8.4			-8.4		-8.4
Translation differences			-30.8				-30.8	0.1	-30.7
Defined benefit plan actuarial gains gains (+)/losses (-)						-0.4	-0.4		-0.4
Comprehensive income for the period*			**-30.8**	**-8.4**		**2.9**	**-36.3**	**0.4**	**-35.9**
Dividends paid						-26.9	-26.9		-26.9
Acquisition of treasury shares					-0.9		-0.9		-0.9
Stock options exercised					1.8		1.8		1.8
Share-based incentives*						0.4	0.4		0.4
Transactions with owners of the company					**0.9**	**-26.5**	**-25.6**	**0.0**	**-25.6**
Equity on 30 Jun 2014	**64.3**	**98.0**	**33.3**	**-2.8**	**74.4**	**904.2**	**1,171.3**	**6.5**	**1,177.9**

*Net of tax

The notes are an integral part of this consolidated interim financial statements.

Consolidated condensed statement of cash flows

MEUR	1-6/2014	1-6/2013	1-12/2013
Net income for the period	3.6	28.4	55.4
Depreciation, amortisation and impairment	42.6	31.7	76.7
Other adjustments	14.4	19.9	35.4
Change in net working capital	-3.7	-71.0	13.5
Cash flow from operations	**56.9**	**8.8**	**180.9**
Cash flow from financial items and taxes	-79.4	-47.2	-91.8
Cash flow from operating activities	**-22.5**	**-38.4**	**89.1**
Acquisitions, net of cash acquired	-184.9	-1.5	-70.5
Divestments, net of cash sold	0.0	0.2	0.2
Investments to associated companies and joint ventures	-1.1	-	-4.5
Cash flow from investing activities, other items	-33.3	-4.3	-42.2
Cash flow from investing activities	**-219.3**	**-5.5**	**-117.0**
Stock options exercised	1.8	0.1	0.2
Acquisition of treasury shares	-0.9	-	-
Proceeds from sale of treasury shares	-	-	73.3
Proceeds from long-term borrowings	281.9	34.8	200.0
Repayments of long-term borrowings	-106.9	-1.6	-39.0
Proceeds from short-term borrowings	18.1	2.0	36.8
Repayments of short-term borrowings	-68.0	-6.9	-64.1
Dividends paid	-26.9	-44.1	-44.3
Cash flow from financing activities	**99.0**	**-15.7**	**163.0**
Change in cash	**-142.8**	**-59.6**	**135.2**
Cash, cash equivalents and bank overdrafts at the beginning of period	303.3	183.9	183.9
Effect of exchange rate changes	-0.6	-2.2	-15.8
Cash, cash equivalents and bank overdrafts at the end of period	**159.8**	**122.1**	**303.3**
Bank overdrafts at the end of period	12.1	14.2	3.0
Cash and cash equivalents at the end of period	**171.9**	**136.3**	**306.2**

The notes are an integral part of this consolidated interim financial statements.

Key figures

		1-6/2014	1-6/2013	1-12/2013
Equity / share	EUR	18.19	18.80	19.18
Interest-bearing net debt	MEUR	846.9	566.6	578.3
Total equity / total assets	%	35.0	39.5	39.5
Gearing	%	71.9	48.9	46.7
Return on equity, annualised	%	0.6	4.8	4.5
Return on capital employed, annualised	%	1.9	5.3	5.0

Notes to the interim financial statements review

1. General information

Cargotec Corporation is a limited liability company domiciled in Helsinki, Finland. The registered address is Porkkalankatu 5, 00180 Helsinki, Finland. Cargotec Corporation and its subsidiaries form the Cargotec Group (later referred to as Cargotec or company). Cargotec Corporation's class B shares are listed on the NASDAQ OMX Helsinki since 1 June 2005.

2. Accounting principles and new accounting standards

The interim review has been prepared according to IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2013 and comply with changes in IAS/IFRS standards effective from 1 January 2014. These changes have no material impact on the interim financial statements review. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

3. Segment information

Sales, MEUR	Q2/2014	Q2/2013	1-6/2014	1-6/2013	1-12/2013
MacGregor	261	211	478	376	794
Kalmar	323	405	649	727	1,550
Hiab	221	221	429	413	841
Internal sales	-1	0	-1	-1	-3
Total	**804**	**836**	**1,555**	**1,515**	**3,181**

Operating profit, MEUR	Q2/2014	Q2/2013	1-6/2014	1-6/2013	1-12/2013
MacGregor	14.9	18.3	22.6	30.3	60.0
Kalmar	-19.7	14.5	-9.0	21.5	56.9
Hiab	5.3	5.9	18.7	7.9	0.4
Corporate administration and support functions	-6.4	-5.7	-14.5	-13.6	-24.8
Total	**-6.0**	**32.9**	**17.8**	**46.1**	**92.5**

Operating profit, %	Q2/2014	Q2/2013	1-6/2014	1-6/2013	1-12/2013
MacGregor	5.7	8.7	4.7	8.1	7.6
Kalmar	-6.1	3.6	-1.4	3.0	3.7
Hiab	2.4	2.7	4.4	1.9	0.1
Cargotec	-0.7	3.9	1.1	3.0	2.9

Operating profit excl. restructuring costs, MEUR	Q2/2014	Q2/2013	1-6/2014	1-6/2013	1-12/2013
MacGregor	14.9	18.3	22.6	30.5	62.7
Kalmar	-19.4	16.0	-8.2	22.9	64.0
Hiab	15.6	8.9	29.0	12.5	24.4
Corporate administration and support functions	-6.4	-5.7	-14.0	-13.5	-24.6
Total	**4.7**	**37.5**	**29.3**	**52.5**	**126.5**

Operating profit excl. restructuring costs, %	Q2/2014	Q2/2013	1-6/2014	1-6/2013	1-12/2013
MacGregor	5.7	8.7	4.7	8.1	7.9
Kalmar	-6.0	3.9	-1.3	3.2	4.1
Hiab	7.1	4.0	6.8	3.0	2.9
Cargotec	0.6	4.5	1.9	3.5	4.0

Sales by geographical area, MEUR	Q2/2014	Q2/2013	1-6/2014	1-6/2013	1-12/2013
EMEA	355	345	718	668	1,385
Asia-Pacific	237	294	448	484	1,003
Americas	212	198	389	363	793
Total	**804**	**836**	**1,555**	**1,515**	**3,181**

Sales by geographical area, %	Q2/2014	Q2/2013	1-6/2014	1-6/2013	1-12/2013
EMEA	44.2	41.2	46.2	44.1	43.5
Asia-Pacific	29.5	35.1	28.8	31.9	31.5
Americas	26.3	23.7	25.0	23.9	24.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Orders received, MEUR	Q2/2014	Q2/2013	1-6/2014	1-6/2013	1-12/2013
MacGregor	338	284	653	493	1,011
Kalmar	394	342	725	707	1,430
Hiab	261	208	479	424	869
Internal orders received	-1	0	-1	-1	-3
Total	**993**	**833**	**1,856**	**1,624**	**3,307**

Order book, MEUR	30 Jun 2014	30 Jun 2013	31 Dec 2013
MacGregor	1,181	914	980
Kalmar	855	1,037	799
Hiab	249	198	203
Internal order book	-1	-1	-2
Total	**2,285**	**2,147**	**1,980**

Number of employees at the end of period	30 Jun 2014	30 Jun 2013	31 Dec 2013
MacGregor	2,695	1,788	2,354
Kalmar	5,305	5,445	5,269
Hiab	2,706	2,910	2,823
Corporate administration and support functions	173	159	164
Total	**10,879**	**10,302**	**10,610**

Average number of employees	1-6/2014	1-6/2013	1-12/2013
MacGregor	2,682	1,791	1,832
Kalmar	5,295	5,224	5,288
Hiab	2,728	2,969	2,932
Corporate administration and support functions	165	158	157
Total	**10,870**	**10,143**	**10,210**

4. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	1-6/2014	1-6/2013	1-12/2013
Intangible assets	7.1	8.6	17.5
Property, plant and equipment	31.2	39.3	90.9
Total	**38.3**	**47.9**	**108.4**

Depreciation, amortisation and impairment, MEUR	1-6/2014	1-6/2013	1-12/2013
Intangible assets	13.8	9.2	27.6
Buildings	4.5	3.9	8.1
Machinery & equipment	24.2	18.5	41.0
Total	**42.6**	**31.7**	**76.7**

5. Taxes in statement of income

MEUR	1-6/2014	1-6/2013	1-12/2013
Current year tax expense	20.4	16.3	29.9
Deferred tax expense	-18.5	-3.0	-7.4
Tax expense for previous years	-0.1	-1.3	0.8
Total	**1.8**	**12.0**	**23.3**

6. Interest-bearing net debt and liquidity

MEUR	30 Jun 2014	30 Jun 2013	31 Dec 2013
Interest-bearing liabilities*	1,029.6	712.9	893.1
Loans receivable and other interest-bearing assets	-10.8	-10.0	-8.5
Cash and cash equivalents	-171.9	-136.3	-306.2
Interest-bearing net debt	**846.9**	**566.6**	**578.3**
Equity	1,177.9	1,157.5	1,239.4
Gearing	**71.9%**	**48.9%**	**46.7%**

*The fair values do not materially differ from book values. One exception is the hedging of currency risk relating to the USD 205 million Private Placement bond, which affected the interest-bearing liabilities on 30 Jun 2014 by EUR 4.2 (30 Jun 2013: -3.6 and 31 Dec 2013: 8.2) million.

MEUR	30 Jun 2014	30 Jun 2013	31 Dec 2013
Cash and cash equivalents	171.9	136.3	306.2
Committed long-term undrawn revolving credit facilities	270.0	300.0	300.0
Repayments of interest-bearing liabilities in following 12 months	-214.4	-314.2	-299.5
Total liquidity	**227.5**	**122.1**	**306.7**

7. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Jun 2014	Negative fair value 30 Jun 2014	Net fair value 30 Jun 2014	Net fair value 30 Jun 2013	Net fair value 31 Dec 2013
Currency forward contracts	10.4	35.5	-25.1	-19.5	0.6
Cross-currency and interest rate swaps	-	4.1	-4.1	8.8	-5.6
Total	**10.4**	**39.5**	**-29.2**	**-10.7**	**-5.0**
Non-current portion:					
Currency forward contracts	0.2	0.1	0.1	-0.2	0.3
Cross-currency and interest rate swaps	-	4.1	-4.1	7.2	-3.1
Non-current portion	**0.2**	**4.2**	**-4.0**	**7.1**	**-2.8**
Current portion	**10.3**	**35.4**	**-25.2**	**-17.8**	**-2.2**

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

Financial assets and liabilities recognised at fair value through profit and loss comprise solely currency derivatives as well as cross-currency and interest rate swaps, which are classified to level 2, observable input information, in the fair value hierarchy.

Nominal values of derivative financial instruments

MEUR	30 Jun 2014	30 Jun 2013	31 Dec 2013
Currency forward contracts	3,467.0	3,318.6	3,558.6
Hedge accounting	1,082.7	1,761.2	1,662.7
Cross-currency and interest rate swaps	150.1	229.4	217.5
Total	**3,617.1**	**3,547.9**	**3,776.2**

The fair values of derivatives have been recognised as gross values to the balance sheet, as the netting agreements are related to credit events, and do not normally allow netting at the balance sheet date. The group has not given or received securities from the counterparties related to derivatives.

8. Commitments

MEUR	30 Jun 2014	30 Jun 2013	31 Dec 2013
Guarantees	0.0	0.0	0.0
End customer financing	15.0	9.0	11.6
Operating leases	148.8	122.8	129.1
Off-balance sheet investment commitments	-	8.5	-
Other contingent liabilities	5.7	3.0	6.3
Total	**169.4**	**143.3**	**147.0**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 610.4 (30 Jun 2013: 433.0 and 31 Dec 2013: 458.3) million.

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

The future minimum lease payments under non-cancellable operating leases

MEUR	30 Jun 2014	30 Jun 2013	31 Dec 2013
Less than 1 year	23.0	20.3	22.9
1-5 years	56.5	48.4	50.8
Over 5 years	69.2	54.1	55.4
Total	**148.8**	**122.8**	**129.1**

The aggregate operating lease expenses totalled EUR 12.4 (1-6/2013: 11.9 and 1-12/2013: 17.1) million.

Some lawsuits, claims and disputes based on various grounds are pending against Cargotec around the world. Management believes that the outcome of these disputes will not have a material effect on Cargotec's financial position.

9. Acquisitions and disposals

Acquisitions 2014

Mooring and loading systems (preliminary)

MacGregor acquired on 30 January 2014 the mooring and loading systems unit ("MLS") from Aker Solutions for total consideration of EUR 189.1 million. MLS delivers under its main brands Pusnes, Porsgrunn and Woodfield mooring equipment, loading and offloading systems, deck machinery, steering gears and related maintenance services for the global offshore and shipping markets. The acquisition strengthens MacGregor's product portfolio and market position by raising MacGregor as the market leader in offshore equipment. The main locations of MLS are Norway, United Kingdom and Korea. As a result of the acquisition, approximately 370 persons were transferred to Cargotec.

Consolidation of the acquired business is provisional as of 30 June 2014. Fair value measurement of the acquired assets and liabilities is preliminary and subject to adjustments until the valuation is finalised. In the preliminary valuation, customer relationships, trademarks, technology and order book have been identified as acquired intangible assets. According to preliminary valuation, the acquisition will generate goodwill, which will not be tax-deductible. Goodwill is primarily based on personnel, expected synergy benefits and achieved market position.

Acquired net assets and goodwill, MEUR	
Intangible assets	75.9
Property, plant and equipment	6.2
Inventories	10.3
Deferred tax assets	0.1
Accounts receivable and other non-interest-bearing assets	42.9
Cash and cash equivalents	8.9
Deferred tax liabilities	-23.6
Interest-bearing liabilities	-0.1
Accounts payable and other non-interest-bearing liabilities	-37.4
Net assets	**83.2**
Purchase price, paid in cash	189.1
Total consideration	**189.1**
Non-controlling interest	-
Goodwill	**105.9**
Purchase price, paid in cash	189.1
Cash and cash equivalents acquired	-8.9
Cash flow impact	**180.2**

The acquired property, plant and equipment mainly consists of properties in Norway, United Kingdom and Korea. The acquired accounts reveivable and other non-interest-bearing assets include mostly accounts receivable and receivables from construction contracts. The goodwill resulting from the acquisition has been allocated to MacGregor segment for impairment testing.

The deal consideration was fully paid in cash. The cost of acquisition does not include conditional components.

MLS has contributed EUR 51.9 million to Cargotec's sales since the acquisition date. Transaction costs of EUR 1.8 million in 2014 and EUR 0.6 million in 2013 related to the acquisition have been included in the operating profit of MacGregor segment and in other operating expenses in the consolidated statement of income. In addition, the cumulative operating profit for 2014 includes EUR 2.7 million in amortisation and depreciation of fixed assets and additional one-time costs of EUR 1.2 million related to the fair value measurement of acquired assets.

Deep Water Solutions

MacGregor acquired 21 February 2014 Norwegian privately owned Deep Water Solutions AS ("DWS") for the consideration of EUR 0.7 million. DWS has specialised in offshore load handling applications and the acquisition is strengthening MacGregor's business within this area. Four persons transferred to Cargotec as part of the acquisition.

Acquisition cost includes a cash consideration of EUR 0.5 million paid at the acquisition date and a contingent consideration with maximum value of EUR 0.2 million based on certain sales milestones during 2014. The fair value measurement of acquired assets resulted an identification of technology related intangible assets amounting to EUR 0.5 million and a goodwill of EUR 0.6 million. The acquired operations have been merged as part of MacGregor Norway.

Disposals 2014

During the first quarter, Hiab sold 60 percent of Cargotec Engineering Italy S.r.l, in Italy. The transaction had no material effect on Cargotec's result.

Acquisitions 2013

Hatlapa (preliminary)
MacGregor acquired on 31 October 2013 a privately-owned Hatlapa Group ("Hatlapa") by purchasing the full share capitals of Hatlapa's German, Singaporean and Cypriot parent entities for EUR 111.7 million. Hatlapa has subsidiaries in seven countries. Hatlapa delivers, under its main brands Hatlapa and Triplex, compressors, steering gears, deck equipment and related maintenance services for merchant ships and offshore industry. The acquisition strengthens MacGregor's product portfolio and market position by raising MacGregor as the global market leader in winches. As a result of the acquisition, approximately 585 persons, mostly in Germany and Norway, transferred to Cargotec.

The goodwill generated in the acquisition arises mostly from personnel, expected synergy benefits and market position that are achieved via enhanced product portfolio and service network. At the reporting date, it is estimated that approximately half of the goodwill is tax-deductible. The table below summarizes the consideration transferred, assets acquired and liabilities assumed at their acquisition date fair values.

Acquired net assets and goodwill, MEUR	
Intangible assets	46.8
Property, plant and equipment	30.1
Investments	2.1
Inventories	35.2
Deferred tax assets	3.9
Accounts receivable and other non-interest-bearing assets	30.7
Cash and cash equivalents	4.6
Deferred tax liabilities	-4.8
Interest-bearing liabilities	-59.0
Accounts payable and other non-interest-bearing liabilities	-37.5
Net assets	**52.0**
Purchase price, paid in cash	71.5
Issued debt	40.1
Total consideration	**111.7**
Non-controlling interest	1.8
Goodwill	**61.5**
Purchase price, paid in cash	71.5
Cash and cash equivalents acquired	-4.6
Cash flow impact	**66.9**

The fair value measurement of acquired assets resulted in identification of intangible assets related to customer relationships, brands and technology. The fair value of the acquired intangible assets was EUR 46.8 million at acquisition date. Determined fair value and the tax impact of the acquisition are considered preliminary.

The acquired property, plant and equipment of EUR 30.1 million consists mostly of production facilities in Germany, Norway and Korea. The acquired assets include accounts receivable with gross value of EUR 29.6 million and fair value of EUR 26.7 million. The fair value of accounts receivable reflects the increased credit risk related to certain receivables and the expectations regarding the amount the entity is expecting to collect. The outstanding accounts receivable relate to sales of equipment and services performed. The acquired accounts receivable do not include lease income or revenue from construction contracts. The goodwill of EUR 61.5 million that resulted from the acquisition has been allocated to MacGregor segment for impairment testing.

The debt portion of the consideration transferred consists of a convertible capital loan issued to sellers. The fair value of the capital loan at the date of acquisition was SGD 67.8 million (EUR 40.1 million). The cost of acquisition does not include conditional components.

Transaction costs of EUR 4.0 million related to the acquisition are included in the operating profit of MacGregor segment for 2013 and in other operating expenses in the consolidated statement of income.

The non-controlling interest recognised at acquisition of Hatlapa's Korean subsidiary amount to EUR 1.8 million and has been recognised based on the relative ownership of the entity's net assets. Certain subsidiaries of the acquired entities have non-controlling interests that are entitled to sell their shares to Cargotec upon meeting certain conditions. As a result of these conditions, a liability of EUR 3.1 million has been recognised at acquisition date. Put options related to the liability of EUR 0.6 million become exercisable in 2014 and put options related to the liability of EUR 2.4 million become exercisable in 2016.

Hatlapa contributed EUR 18.2 million to Cargotec's sales and EUR -3.7 million to net income since the acquisition date in 2013. The acquisition related one-off items included in the net income amount to approximately EUR -3.5 million. Had the business been acquired on 1 January 2013, the increase in Cargotec's 2013 sales and net income, including the consolidation period, would have been about EUR 109.6 million and EUR -15.5 million respectively. The pro forma loss for the year includes one-off items and depreciation and amortisation related to measurements recognised at acquisition amounting to approximately EUR -9.2 million.

Key exchange rates for the Euro

Closing rate	**30 Jun 2014**	**30 Jun 2013**	**31 Dec 2013**
SEK	9.176	8.777	8.859
USD	1.366	1.308	1.379

Average rate	**1-6/2014**	**1-6/2013**	**1-12/2013**
SEK	8.977	8.560	8.662
USD	1.372	1.312	1.330

Calculation of key figures

Equity / share, EUR	=		Total equity attributable to the equity holders of the company / Number of outstanding shares at the end of period
Interest-bearing net debt, MEUR	=		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 the period / Total equity (average for the period)
Return on capital employed (%)	=	100 x	Income before taxes + interest and other financing expenses / Total assets - non-interest-bearing debt (average for the period)
Basic earnings / share, EUR	=		Net income for the period attributable to the equity holders of the Company / Average number of outstanding shares during the period
Diluted earnings / share, EUR	=		Net income for the period attributable to the equity holders of the Company / Average number of outstanding diluted shares during the period

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

Quarterly figures

Cargotec		Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013
Orders received	MEUR	993	863	958	724	833
Order book	MEUR	2,285	2,111	1,980	2,048	2,147
Sales	MEUR	804	751	914	752	836
Operating profit	MEUR	-6.0	23.8	15.3	31.2	32.9
Operating profit	%	-0.7	3.2	1.7	4.2	3.9
Operating profit*	MEUR	4.7	24.6	38.6	35.4	37.5
Operating profit*	%	0.6	3.3	4.2	4.7	4.5
Basic earnings/share	EUR	-0.15	0.20	0.12	0.31	0.36

MacGregor		Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013
Orders received	MEUR	338	315	361	157	284
Order book	MEUR	1,181	1,128	980	811	914
Sales	MEUR	261	217	218	200	211
Operating profit*	MEUR	14.9	7.7	14.5	17.7	18.3
Operating profit*	%	5.7	3.6	6.6	8.9	8.7

Kalmar		Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013
Orders received	MEUR	394	330	357	366	342
Order book	MEUR	855	773	799	1,040	1,037
Sales	MEUR	323	327	468	354	405
Operating profit*	MEUR	-19.4	11.2	25.5	15.6	16.0
Operating profit*	%	-6.0	3.4	5.5	4.4	3.9

Hiab		Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013
Orders received	MEUR	261	218	241	203	208
Order book	MEUR	249	211	203	199	198
Sales	MEUR	221	208	229	198	221
Operating profit*	MEUR	15.6	13.4	3.9	8.1	8.9
Operating profit*	%	7.1	6.4	1.7	4.1	4.0

*Operating profit excluding restructuring costs