CARGOTEC CORPORATION INTERIM REPORT 23 OCTOBER 2014 AT NOON EEST

Cargotec's January–September 2014 interim report: Profit improvement progressed in Hiab and Kalmar, reorganisation launched in MacGregor

July–September 2014 in brief

- Orders received increased 15 percent and totalled EUR 829 (724) million.
- Order book amounted to EUR 2,327 (31 Dec 2013: 1,980) million at the end of the period.
- Sales grew 12 percent to EUR 840 (752) million.
- Operating profit excluding restructuring costs was EUR 48.4 (35.4) million, representing 5.8 (4.7) percent of sales.
- Operating profit was EUR 45.8 (31.2) million, representing 5.4 (4.2) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 63.4 (38.2) million.
- Net income for the period amounted to EUR 27.8 (19.3) million.
- Earnings per share was EUR 0.43 (0.31).

January–September 2014 in brief

- Orders received increased 14 percent and totalled EUR 2,685 (2,348) million.
- Sales grew 6 percent to EUR 2,395 (2,267) million.
- Operating profit excluding restructuring costs was EUR 77.8 (87.9) million, representing 3.2 (3.9) percent of sales.
- Operating profit was EUR 63.6 (77.3) million, representing 2.7 (3.4) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 120.3 (47.0) million.
- Net income for the period amounted to EUR 31.4 (47.7) million.
- Earnings per share was EUR 0.48 (0.77).

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	**Q3/14**	Q3/13	Change	**Q1-Q3/14**	Q1-Q3/13	Change	2013
Orders received	**829**	724	15%	**2,685**	2,348	14%	3,307
Order book, end of period	**2,327**	2,048	14%	**2,327**	2,048	14%	1,980
Sales	**840**	752	12%	**2,395**	2,267	6%	3,181
Operating profit excluding restructuring costs	**48.4**	35.4	37%	**77.8**	87.9	-12%	126.5
Operating profit excluding restructuring costs, %	**5.8**	4.7		**3.2**	3.9		4.0
Operating profit/loss	**45.8**	31.2	47%	**63.6**	77.3	-18%	92.5
Operating profit/loss, %	**5.4**	4.2		**2.7**	3.4		2.9
Income before taxes	**39.3**	27.3		**44.7**	67.7		78.7
Cash flow from operations	**63.4**	38.2		**120.3**	47.0		180.9
Net income for the period	**27.8**	19.3		**31.4**	47.7		55.4
Earnings per share, EUR	**0.43**	0.31		**0.48**	0.77		0.89
Net debt, end of period	**835**	577		**835**	577		578
Gearing, %	**68.3**	48.9		**68.3**	48.9		46.7
Personnel, end of period	**10,829**	10,216		**10,829**	10,216		10,610

Cargotec's President and CEO Mika Vehviläinen:
Our profit improvement programme progressed as planned in Hiab and Kalmar during the third quarter, and its effects are already being seen in both businesses' operating profit figures. We are continuing our determined efforts to complete this programme. Hiab and Kalmar's market environment remained unchanged, however, uncertainty has increased. Third-quarter orders for both business areas were in line with the comparison period.

Uncertainty increased in MacGregor's market during the autumn. In order to safeguard improved profitability in such a market, we have decided to launch measures in several areas, such as sales, services and procurement, and have established a more customer-oriented organisation. The development of this business area will require the same determined efforts that are already bearing fruit at Hiab and Kalmar.

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 2:00 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 2:00 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/948460:
FI: +358 9 2313 9201
SE: +46 8 5052 0110
UK: +44 207 1620 077
US: +1 334 323 6201

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 25 October 2014 in the following numbers: US callers +1 954 334 0342, non-US callers +44 20 7031 4064, access code 948460.

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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 Ltd under symbol CGCBV. www.cargotec.com

Cargotec's January–September 2014 interim report

Operating environment
The imbalance of supply and demand in the ship market continued and the weaker economic outlook is delaying market balance further ahead. New ship orders have dropped, especially in bulk ships. The containership market outlook is somewhat brighter. The market for marine cargo handling equipment remained stable, however, it is expected that the fall in ship orders will be reflected in marine cargo handling demand in the future. The market for offshore cargo handling equipment remained stable. Decline in oil price and related investments increase uncertainty in the offshore market. However, deep-sea production together with related lifting equipment market is still expected to grow faster than the overall offshore market. Demand for services was overall satisfactory.

Container through-put grew more than predicted early in the year and is expected to increase by five percent in 2014. Demand for automation solutions and smaller container handling equipment remained stable. Demand for large port projects rose slightly, even though customers' caution in making investment decisions was still reflected in orders. Demand was healthy in Europe and North America, whereas it was satisfactory in Asia and South America. Demand for services was healthy.

Market for load handling equipment has been two-fold throughout the year. While the market was satisfactory in Europe, activity in North America has been strong. Demand has been particularly brisk for truck-mounted forklifts and tail lifts. Demand for services was healthy.

Orders received and order book
Orders received during the third quarter increased 15 percent from the comparison period and totalled EUR 829 (724) million. Compared to the comparison period, currency rate changes had a two percentage point negative impact on orders received. Orders received grew in MacGregor and Kalmar. Orders received in Hiab reached almost the comparison periods' level. In MacGregor, the contribution of the two recently acquired businesses to orders received was EUR 73 million. Service orders grew 22 percent from the comparison period, as orders grew in all geographical areas.

Orders received for January–September grew 14 percent from the comparison period and totalled EUR 2,685 (2,348) million. Compared to the comparison period, currency rate changes had a three percentage point negative impact on orders received. Of the January–September orders, 34 percent were received by MacGregor, 41 percent by Kalmar, and 25 percent by Hiab. The share of orders received in Asia-Pacific increased to 35 (30) percent. EMEA's (Europe, Middle East, Africa) share of all orders was 41 (40) percent and that of Americas 24 (30) percent. Service orders accounted for 24 (23) percent of total orders.

The order book grew by 18 percent from the 2013 year-end level, and at the end of the third quarter it totalled EUR 2,327 (31 Dec 2013: 1,980) million. MacGregor's order book totalled EUR 1,199 (980) million, representing 52 (50) percent, Kalmar's EUR 883 (799) million, or 38 (40) percent, and that of Hiab EUR 245 (203) million, or 10 (10) percent of the consolidated order book.

Orders received by reporting segment

MEUR	**Q3/14**	Q3/13	Change	**Q1-Q3/14**	Q1-Q3/13	Change	2013
MacGregor	**253**	157	61%	**906**	650	39%	1,011
Kalmar	**380**	366	4%	**1,104**	1,073	3%	1,430
Hiab	**197**	203	-3%	**676**	628	8%	869
Internal orders	**0**	-1		**-1**	-2		-3
Total	**829**	724	15%	**2,685**	2,348	14%	3,307

Orders received by geographical area

MEUR	**Q3/14**	Q3/13	Change	**Q1-Q3/14**	Q1-Q3/13	Change	2013
EMEA	**310**	296	5%	**1,098**	949	16%	1,343
Asia-Pacific	**306**	193	59%	**939**	707	33%	1,079
Americas	**213**	236	-10%	**648**	693	-6%	885
Total	**829**	724	15%	**2,685**	2,348	14%	3,307

Sales

Third-quarter sales grew 12 percent from the comparison period, to EUR 840 (752) million. Compared to the comparison period, currency rate changes had a two percentage point negative impact on sales. The contribution of the acquired businesses in MacGregor to sales was EUR 61 million. Sales in services grew 15 percent from the comparison period and totalled EUR 198 (173) million, representing 24 (23) percent of consolidated sales.

January–September sales grew six percent from the comparison period and totalled EUR 2,395 (2,267) million. Compared to the comparison period, currency rate changes had a three percentage point negative impact on sales. The contribution of the acquired businesses in MacGregor to sales was EUR 171 million. Sales in services grew 12 percent and amounted to EUR 594 (528) million, representing 25 (23) percent of sales. MacGregor's sales growth originated from the acquired businesses. Kalmar's sales fell by four percent, while Hiab's increased by three percent from the comparison period. Geographically sales from Americas grew to 28 (24) percent. EMEA represented 42 (43) percent of sales and the share of Asia-Pacific declined to 30 (33) percent. Sales in services grew in all geographical areas.

Sales by reporting segment

MEUR	**Q3/14**	Q3/13	Change	**Q1-Q3/14**	Q1-Q3/13	Change	2013
MacGregor	**255**	200	28%	**733**	576	27%	794
Kalmar	**385**	354	9%	**1,034**	1,082	-4%	1,550
Hiab	**200**	198	1%	**629**	611	3%	841
Internal sales	**-1**	-1		**-2**	-1		-3
Total	**840**	752	12%	**2,395**	2,267	6%	3,181

Sales by geographical area

MEUR	**Q3/14**	Q3/13	Change	**Q1-Q3/14**	Q1-Q3/13	Change	2013
EMEA	**293**	308	-5%	**1,011**	976	4%	1,385
Asia-Pacific	**261**	257	1%	**709**	741	-4%	1,003
Americas	**286**	187	53%	**675**	550	23%	793
Total	**840**	752	12%	**2,395**	2,267	6%	3,181

Financial result

Operating profit for the third quarter improved from the comparison period, totalling EUR 45.8 (31.2) million. Operating profit includes EUR 2.7 (4.2) million in restructuring costs. EUR 0.4 (1.1) million of the restructuring costs are related to MacGregor, EUR 0.0 (0.7) million to Kalmar, EUR 2.3 (2.4) million to Hiab, and EUR 0.0 (0.0) million to corporate administration and support functions. In addition, operating profit includes EUR 3 (9) million in project cost overruns in Kalmar.

Operating profit for the third quarter, excluding restructuring costs, was EUR 48.4 (35.4) million, representing 5.8 (4.7) percent of sales. Excluding restructuring costs, operating profit for MacGregor amounted to EUR 7.3 (17.7) million, Kalmar EUR 30.7 (15.6) million, and Hiab EUR 14.2 (8.1) million. Operating profit excluding restructuring costs improved noticeably at both Kalmar and Hiab thanks to measures taken to improve profitability. MacGregor's operating profit was reduced by clearly lower-than-average profitability in certain deliveries.

Operating profit for January–September declined from the comparison period, totalling EUR 63.6 (77.3) million. Operating profit includes EUR 14.2 (10.6) million in restructuring costs. EUR 0.4 (1.3) million of the restructuring costs are related to MacGregor, EUR 0.8 (2.1) million to Kalmar, EUR 12.6 (7.1) million to Hiab, and EUR 0.4 (0.1) million to corporate administration and support functions. In addition, operating profit includes EUR 51 (23) million in project cost overruns in Kalmar.

Operating profit for January–September excluding restucturing costs totalled EUR 77.8 (87.9) million, representing 3.2 (3.9) percent of sales. Excluding resturucturing costs, operating profit for MacGregor amounted to EUR 29.9 (48.2) million, Kalmar EUR 22.5 (38.5) million, and Hiab EUR 43.2 (20.5) million.

Net interest expenses for interest-bearing debt and assets for the third quarter totalled EUR 8.6 (5.3) million. Net financing expenses totalled EUR 6.4 (4.0) million. Net interest expenses for interest-bearing debt and asset for January–September totalled EUR 21.4 (14.5) million and net financing expenses EUR 18.9 (9.6) million.

Net income for the third quarter totalled EUR 27.8 (19.3) million, and earnings per share EUR 0.43 (0.31). Net income for January–September totalled EUR 31.4 (47.7) million, and earnings per share EUR 0.48 (0.77).

Balance sheet, cash flow and financing
The consolidated balance sheet total was EUR 3,692 (31 Dec 2013: 3,336) million at the end of the third quarter. Equity attributable to equity holders was EUR 1,215 (1,233) million, representing EUR 18.86 (19.18) per share. Property, plant and equipment on the balance sheet was EUR 324 (310) million and intangible assets were EUR 1,274 (1,085) million.

Return on equity (ROE, annualised) in January–September decreased to 3.4 (5.3) percent, and return on capital employed (ROCE, annualised) to 4.1 (5.7) percent.

Cash flow from operating activities for January–September, before financial items and taxes, totalled EUR 120.3 (47.0) million. Net working capital increased slightly during the reporting period, from EUR 213 million at the end of 2013 to EUR 234 million.

Cargotec's liquidity position is healthy. Interest-bearing net debt increased as a result of the acquisition of Aker Solution's mooring and loading systems unit completed at the end of January, and at the end of the third quarter it totalled EUR 835 (31 Dec 2013: 578) million. Interest-bearing debt amounted to EUR 1,029 (893) million, of which EUR 253 (300) million was current and EUR 776 (594) million non-current debt. In January–September, the average interest rate on the loan portfolio was 3.0 (2.6) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 195 (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 finalised in MacGregor 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 third quarter, Cargotec's total equity/total assets ratio was 35.8 (31 Dec 2013: 39.5) percent. Gearing rose from its 2013 year-end level of 46.7 percent to 68.3 percent due to the acquisition completed in MacGregor. Dividend payment in January–September totalled EUR 27.1 (44.1) million.

New products and product development
Research and product development expenditure for January–September totalled EUR 49.6 (45.6) million, representing 2.1 (2.0) percent of sales. Research and product development investments were focused on projects that aim to improve the competitiveness and cost efficiency of products.

MacGregor
During the third quarter, MacGregor introduced a new electric starter cabinet for hydraulic hatch cover power units on bulk carriers and general cargo ships. It features an intelligent soft start

function that avoids starting current peaks and reduces stresses on mechanical and hydraulic components.

During the first half, MacGregor launched ‘Soteria’, a new alert system designed to complement MacGregor’s Hatlapa and Porsgrunn range of steering gear. The system’s alert display can be fully integrated on the vessel’s bridge, ensuring clear and easy access to a comprehensive range of alerts. MacGregor also presented a new steering control system, ‘Hebe’, for its Hatlapa product range, delivering operational and equipment compatibility benefits for customers. In addition, 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

During the third quarter, Kalmar launched its G-generation reachstackers, named Gloria, in the Asia-Pacific region. The launch follows their successful introduction to European markets in 2013. Kalmar also introduced the world’s highest capacity industrial reachstacker, which completed a world record lift of over 103 tonnes in Lidhult, Sweden.

During the first half, 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 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. In addition, Kalmar launched a new electric forklift for industrial applications with features that significantly reduce the cost of ownership whilst improving safety and environmental performance. The electric truck is equally high performing as powerful diesel trucks, while being quiet and completely free from emissions. Kalmar also introduced a new diesel-powered forklift model, the Big Wheel, for challenging environments. For the Kalmar Gloria reachstacker range, several new features and options enhancing performance, productivity and safety were introduced.

During the first half, Kalmar also 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

During the third quarter, Hiab introduced several new products to the market. Its new heavy range loader crane meets the market's high demands on productivity and durability. The hooklift family grew with the addition of a 21-tonne capacity hooklift, which is the lightest and strongest low-built hooklift available, and an 18-tonne capacity hooklift with both sliding and tilting movement. Both hooklifts can be enhanced with an optional Pro Future™ package. Two new products were also launched in the tail lift family.

Hiab has developed an environmentally smart vehicle solution for load handling in collaboration with Volvo Truck Center Sweden AB. The truck uses an electro-hydraulic system or electric power take-off installed alongside a traditional engine power take-off. In addition, Hiab introduced nDurance™, a revolutionary and environmentally sound pre-treatment and paint process based on nanotechnology and e-coating. It offers unique, three-layer protection against corrosion and harsh working environments. This process is being used in Hiab's multi-assembly unit in Poland.

During the first half, Hiab introduced two new load cranes for emerging markets. These cranes fulfil customers' requirements based on their versatility, good performance, reliability and easy operation. In addition, 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–September, excluding acquisitions and customer financing, totalled EUR 26.9 (51.0) million. Investments in customer financing were EUR 34.5 (20.6) million. Depreciation, amortisation and impairment amounted to EUR 60.5 (47.6) 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 or third quarter.

In June 2012, Cargotec announced plans to invest in its multi-assembly unit (MAU) in Stargard Szczecinski, Northern Poland. In January–September, the value of this investment in a new painting and assembly area was close to EUR 6 million. Hiab celebrated the official opening of the MAU in September. Assembly of forestry and recycling cranes will begin in Stargard by the end of this 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 was 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 10,829 (31 Dec 2013: 10,610) people at the end of the third quarter. MacGregor employed 2,721 (2,354) people, Kalmar 5,253 (5,269), Hiab 2,684 (2,823) and corporate administration and support functions 171 (164). The average number of employees in January–September was 10,855 (10,185). MacGregor’s number of employees increased as a result of the completed acquisition.

At the end of the third quarter, 13 (31 Dec 2013: 15) percent of the employees were located in Sweden, 8 (8) percent in Finland and 37 (35) percent in the rest of Europe. Asia-Pacific personnel represented 25 (25) percent, North and South American 15 (14) percent, and the rest of the world 2 (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 leading to a reduction in personnel of 134 employees. 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. In April–September, 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 January–September 2014.

MacGregor listing in Asia

In July, Cargotec 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 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	**Q3/14**	Q3/13	Change	**Q1-Q3/14**	Q1-Q3/13	Change	2013
Orders received	**253**	157	61%	**906**	650	39%	1,011
Order book, end of period	**1,199**	811	48%	**1,199**	811	48%	980
Sales	**255**	200	28%	**733**	576	27%	794
Sales of services	**56**	36		**162**	106		147
% sales	**22**	18		**22**	18		18
Operating profit/loss (EBIT)	**7.0**	16.6		**29.6**	46.9		60.0
% sales	**2.7**	8.3		**4.0**	8.2		7.6
Operating profit/loss (EBIT)*	**7.3**	17.7		**29.9**	48.2		62.7
% sales*	**2.9**	8.9		**4.1**	8.4		7.9
Personnel, end of period	**2,721**	1,779		**2,721**	1,779		2,354

*excluding restructuring costs

MacGregor's orders for the third quarter grew 61 percent from the comparison period and amounted to EUR 253 (157) million. The contribution of the two recently acquired businesses to orders received was EUR 73 million. Orders for cargo handling equipment and services for both bulk ships and offshore vessels accounted for a third of orders received.

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

- electric mooring systems for two tender assist drilling rigs to China,
- deck machinery packages for 18 offshore support vessels to China,
- winches for two accommodation barges to Malaysia,
- two subsea cranes for platform support vessels to China, as well as
- equipment package including winches and Triplex shark jaws and guide pins from the combined MacGregor and Hatlapa portfolio for two anchor handling tug supply vessels to China.

Orders for January–September grew 39 percent and totalled EUR 906 (650) million. The contribution of the acquired businesses to orders received was EUR 218 million. In addition, based on its new, combined offering MacGregor is targetting in 2014 new orders with a total value exceeding EUR 50 million, of which EUR 25 million was received in January–September.

Order book grew 22 percent from the 2013 year-end, totalling EUR 1,199 (31 Dec 2013: 980) million at the end of the third 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 third-quarter sales grew 28 percent from the comparison period, totalling EUR 255 (200) million. The contribution of the acquired businesses to sales was EUR 61 million. The share of services sales grew to 22 (18) percent, or EUR 56 (36) million. January–September sales grew 27 percent from the comparison period to EUR 733 (576) million. The contribution of the acquisitions to sales was EUR 171 million. Sales for services totalled EUR 162 (106) million, representing 22 (18) percent of sales.

MacGregor's operating profit for the third quarter totalled EUR 7.0 (16.6) million. Operating profit includes EUR 0.4 (1.1) million in restructuring costs. Operating profit also includes EUR 2.7 (-) million in amortisation and depreciation of fixed assets related to business acquisitions. Operating profit, excluding restructuring costs, amounted to EUR 7.3 (17.7) million, representing 2.9 (8.9) percent of sales. Operating profit margin excluding restructuring costs and amortisation and depreciation of fixed assets related to business acquisitions was 3.9 (8.4) percent. Operating profit was reduced by clearly lower-than-average profitability in certain deliveries. As a result of unfavourable development in profitability and a weaker market, a reorganisation programme that seeks improvements in sales, services and procurements through a more customer-oriented organisation, has been launched in the business area.

January–September operating profit amounted to EUR 29.6 (46.9) million. Operating profit includes EUR 0.4 (1.3) million in restructuring costs and EUR 7.2 (-) 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 29.9 (48.2) million, representing 4.1 (8.4) percent of sales.

Kalmar

MEUR	**Q3/14**	Q3/13	Change	**Q1-Q3/14**	Q1-Q3/13	Change	2013
Orders received	**380**	366	4%	**1,104**	1,073	3%	1,430
Order book, end of period	**883**	1,040	-15%	**883**	1,040	-15%	799
Sales	**385**	354	9%	**1,034**	1,082	-4%	1,550
Sales of services	**93**	89		**285**	277		386
% sales	**24**	25		**28**	26		25
Operating profit/loss (EBIT)	**30.7**	14.9		**21.7**	36.4		56.9
% sales	**8.0**	4.2		**2.1**	3.4		3.7
Operating profit/loss (EBIT)*	**30.7**	15.6		**22.5**	38.5		64.0
% sales*	**8.0**	4.4		**2.2**	3.6		4.1
Personnel, end of period	**5,253**	5,381		**5,253**	5,381		5,269

*excluding restructuring costs

In the third quarter, orders received by Kalmar grew by four percent from the comparison period and totalled EUR 380 (366) million. Demand for terminal tractors and forklift trucks was brisk.

Major orders received by Kalmar in the third quarter included the following:
- 12 automated stacking cranes and 11 automated shuttle carriers as well as related automation technology for a new container terminal in Australia,
- automated gate system for a port in the United Kingdom,
- 12 electric straddle carriers for a container terminal in France,
- four zero-emission rubber-tyred gantry cranes (RTG) to Brazil, as well as
- five reachstackers for an intermodal terminal in Poland and four for a port in the United Kingdom.

Orders received increased by three percent from comparison period in January–September, and were EUR 1,104 (1,073) million. The order book increased 11 percent from 2013 year-end, and at the end of the third quarter it totalled EUR 883 (31 Dec 2013: 799) million.

Kalmar's third-quarter sales, amounting to EUR 385 (354) million, increased from the comparison period. Sales for services grew by four percent and amounted to EUR 93 (89) million, representing 24 (25) percent of sales. January–September sales declined to EUR 1,034 (1,082) million. Sales for services grew to EUR 285 (277) million, or 28 (26) percent of sales.

Kalmar's third-quarter operating profit clearly improved from the comparison period and totalled EUR 30.7 (14.9) million. Operating profit includes EUR 0.0 (0.7) million in restructuring costs. Operating profit also includes EUR 3 (9) million in project cost overruns to finalise deliveries of the projects sold in 2012. Operating profit, excluding restructuring costs, amounted to EUR 30.7 (15.6) million, representing 8.0 (4.4) percent of sales. Operating profit saw a clear improvement, primarily due to measures taken to improve profitability.

Operating profit for January–September declined from the comparison period and totalled EUR 21.7 (36.4) million. Operating profit includes EUR 0.8 (2.1) million in restructuring costs. Operating profit also includes EUR 51 (23) million in project cost overruns. Operating profit, excluding restructuring costs, amounted to EUR 22.5 (38.5) million, representing 2.2 (3.6) percent of sales.

Hiab

MEUR	**Q3/14**	Q3/13	Change	**Q1-Q3/14**	Q1-Q3/13	Change	2013
Orders received	**197**	203	-3%	**676**	628	8%	869
Order book, end of period	**245**	199	23%	**245**	199	23%	203
Sales	**200**	198	1%	**629**	611	3%	841
Sales of services	**49**	48		**147**	146		197
% sales	**25**	24		**23**	24		23
Operating profit/loss (EBIT)	**12.0**	5.6		**30.6**	13.5		0.4
% sales	**6.0**	2.8		**4.9**	2.2		0.1
Operating profit/loss (EBIT)*	**14.2**	8.1		**43.2**	20.5		24.4
% sales*	**7.1**	4.1		**6.9**	3.4		2.9
Personnel, end of period	**2,684**	2,906		**2,684**	2,906		2,823

*excluding restructuring costs

Hiab's orders received for the third quarter fell by three percent on the comparison period and were EUR 197 (203) million. Orders consisted of small, individual orders typical of the business. In January–September, orders received totalled EUR 676 (628) million. The order book grew 21 percent from 2013 year-end, totalling EUR 245 (31 Dec 2013: 203) million at the end of the third quarter.

Hiab's third-quarter sales were at the comparison period level and totalled EUR 200 (198) million. Sales for services amounted to EUR 49 (48) million, representing 25 (24) percent of sales. January–September sales grew by three percent from the comparison period and amounted to EUR 629 (611) million. Sales for services totalled EUR 147 (146) million, or 23 (24) percent of sales.

Operating profit for Hiab in the third quarter clearly improved from the comparison period and totalled EUR 12.0 (5.6) million. Operating profit includes EUR 2.3 (2.4) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 14.2 (8.1) million, representing 7.1 (4.1) percent of sales.

Operating profit for January–September clearly improved from the comparison period and totalled EUR 30.6 (13.5) million as a result of measures taken to improve efficiency. Operating profit includes EUR 12.6 (7.1) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 43.2 (20.5), representing 6.9 (3.4) percent of sales. Operating profit clearly improved as a result of actions taken to improve profitability.

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 September. The number of class B shares was 54,909,809, while the number of class A shares totalled 9,526,089. During the third quarter, a total of 25,303 new Cargotec class B shares were subscribed for with stock options 2010A. The entire subscription price of EUR 470,635.80 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 included 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 Ltd 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 September 2014 was EUR 18.60 per share and the number of listed 2010A stock options was 269,622.

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 Ltd. The share subscription price at the end of September 2014 was EUR 29.09 and the number of listed 2010B stock options was 20,496.

In March 2014, 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 September, the total market value of class B shares was EUR 1,453 (1,485) 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 1,706 (1,758) million. Comparison figures exclude treasury shares held by the company at the end of the comparison period.

The class B share closed at EUR 26.47 (28.65) on the last trading day of September on NASDAQ OMX Helsinki Ltd. The volume-weighted average share price for the period was EUR 29.36 (23.85), the highest quotation being EUR 34.67 (29.64) and the lowest EUR 25.46 (19.35). In January–September, a total of 36 (30) million class B shares were traded on NASDAQ OMX Helsinki Ltd, corresponding to a turnover of EUR 1,067 (707) million. In addition, according to Fidessa, a total of 46 (22) 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 1,374 (537) million.

Short-term risks and uncertainties

Developments in both global economy and cargo flows have a direct impact on Cargotec's operating environment and customers' willingness to make investments. The global political climate, volatility in currency markets, or risks relating to the financial sector may add to uncertainty in our operating environment. Increased difficulty in obtaining financing could weaken customers' liquidity and reduce investments. Uncertainty stemming from the global economy development increased during the third quarter and, if it continues, could be reflected in demand for Cargotec's products and services.

The weakened outlook is expected to delay achievement of balance in supply and demand in the ship market, which has been supporting the strong growth in ship orders as of 2013. Uncertainty reduces customers' desire to invest in new ship capacity, which will also be reflected in demand for MacGregor's marine cargo handling equipment.

The recent fall in oil price is increasing uncertainty in the offshore market, which in turn may impact the outlook for the offshore cargo handling equipment market. Customers' increased need to ensure sufficient return on their investments is delaying decision-making and may reduce investments. However, continued growth is expected in deep-sea oil production.

Uncertainty in the global economy has increased in Europe in particular in recent months. Europe accounts for a relatively large proportion of Cargotec's business at Hiab. As the order book for load handling equipment only covers a period of 3–4 months, a potential fall in demand in Europe means that Hiab must be able to react rapidly to any changes.

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.

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 2015

Financial Statements Review 2014, Tuesday, 10 February 2015
Financial Statements and annual report 2014 week 7
Annual General Meeting, Wednesday, 18 March 2015
January–March 2015 interim report, Tuesday, 28 April 2015
January–June 2015 interim report, Tuesday, 21 July 2015
January–September 2015 interim report, Wednesday, 21 October 2015

Helsinki, 23 October 2014
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Consolidated statement of income

MEUR	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Sales	**839.9**	**752.1**	**2,394.6**	**2,267.1**	**3,181.0**
Cost of goods sold	-679.0	-611.0	-1,958.5	-1,848.5	-2,598.3
Gross profit	**160.9**	**141.1**	**436.1**	**418.7**	**582.8**
Gross profit, %	*19.2*	*18.8*	*18.2*	*18.5*	*18.3*
Other operating income	12.3	9.9	32.5	28.5	44.0
Selling and marketing expenses	-45.5	-43.6	-139.8	-133.7	-182.0
Research and development expenses	-16.9	-13.4	-49.6	-42.6	-58.8
Administration expenses	-54.9	-45.1	-165.3	-147.0	-201.5
Restructuring costs	-2.7	-4.2	-14.2	-10.6	-34.0
Other operating expenses	-12.1	-13.2	-39.6	-35.5	-57.7
Costs and expenses	-119.6	-109.6	-376.0	-340.9	-490.0
Share of associated companies' and joint ventures' net income	4.5	-0.2	3.5	-0.5	-0.2
Operating profit	**45.8**	**31.2**	**63.6**	**77.3**	**92.5**
Operating profit, %	*5.4*	*4.2*	*2.7*	*3.4*	*2.9*
Financing income and expenses	-6.4	-4.0	-18.9	-9.6	-13.9
Income before taxes	**39.3**	**27.3**	**44.7**	**67.7**	**78.7**
Income before taxes, %	*4.7*	*3.6*	*1.9*	*3.0*	*2.5*
Income taxes	-11.5	-7.9	-13.3	-20.0	-23.3
Net income for the period	**27.8**	**19.3**	**31.4**	**47.7**	**55.4**
Net income for the period, %	*3.3*	*2.6*	*1.3*	*2.1*	*1.7*
Net income for the period attributable to:					
Equity holders of the company	27.6	19.3	30.9	47.4	54.8
Non-controlling interest	0.2	0.1	0.5	0.3	0.6
Total	**27.8**	**19.3**	**31.4**	**47.7**	**55.4**
Earnings per share for profit attributable to the equity holders of the company:					
Basic earnings per share, EUR	0.43	0.31	0.48	0.77	0.89
Diluted earnings per share, EUR	0.43	0.31	0.48	0.77	0.89

Consolidated statement of comprehensive income

MEUR	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Net income for the period	27.8	19.3	31.4	47.7	55.4
Items that will not be reclassified to statement of income:					
Defined benefit plan acturial gains (+) / losses (-)	-0.3	-0.3	-0.9	0.1	6.1
Taxes relating to items that will not be reclassified to statement of income	-0.1	0.1	0.1	-0.1	-1.4
Total	**-0.4**	**-0.3**	**-0.8**	**0.0**	**4.7**
Items that may be reclassified subsequently to statement of income:					
Gain/loss on cash flow hedges	-13.0	10.7	-24.9	3.1	-0.5
Gain/loss on cash flow hedges transferred to statement of income	8.8	-2.1	9.6	-10.4	-9.7
Translation differences	21.1	-1.1	-19.2	-43.8	-75.4
Taxes relating to items that may be reclassified subsequently to statement of income	-0.6	-5.1	11.6	6.8	14.3
Total	**16.3**	**2.4**	**-22.8**	**-44.3**	**-71.3**
Comprehensive income for the period	**43.7**	**21.5**	**7.8**	**3.4**	**-11.2**
Comprehensive income for the period attributable to:					
Equity holders of the company	43.7	21.5	7.0	3.2	-11.7
Non-controlling interest	0.0	0.0	0.8	0.2	0.5
Total	**43.7**	**21.5**	**7.8**	**3.4**	**-11.2**

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

Consolidated balance sheet

ASSETS, MEUR	30 Sep 2014	30 Sep 2013	31 Dec 2013
Non-current assets			
Goodwill	979.2	819.7	865.5
Other intangible assets	294.9	182.4	219.0
Property, plant and equipment	323.9	277.5	310.1
Investments in associated companies and joint ventures	102.4	87.7	92.8
Available-for-sale investments	3.8	3.8	3.8
Loans receivable and other interest-bearing assets*	5.1	4.3	4.9
Deferred tax assets	161.3	128.8	138.9
Derivative assets	8.6	28.4	0.4
Other non-interest-bearing assets	6.1	4.9	4.7
Total non-current assets	**1,885.4**	**1,537.5**	**1,640.2**
Current assets			
Inventories	751.5	709.6	630.9
Loans receivable and other interest-bearing assets*	6.5	1.9	3.7
Income tax receivables	69.1	33.2	46.1
Derivative assets	19.6	33.5	18.1
Accounts receivable and other non-interest-bearing assets	777.0	679.1	690.5
Cash and cash equivalents*	183.0	264.9	306.2
Total current assets	**1,806.6**	**1,722.2**	**1,695.5**
Total assets	**3,692.0**	**3,259.8**	**3,335.7**

EQUITY AND LIABILITIES, MEUR	30 Sep 2014	30 Sep 2013	31 Dec 2013
Equity			
Share capital	64.3	64.3	64.3
Share premium account	98.0	98.0	98.0
Translation differences	52.5	88.6	64.1
Fair value reserves	-5.8	8.1	5.7
Reserve for invested non-restricted equity	74.9	0.1	73.5
Retained earnings	931.5	915.4	927.8
Equity attributable to the equity holders of the company	1,215.3	1,174.6	1,233.3
Non-controlling interest	6.7	4.3	6.2
Total equity	**1,222.0**	**1,178.9**	**1,239.4**
Non-current liabilities			
Interest-bearing liabilities*	785.0	547.3	585.3
Deferred tax liabilities	70.5	58.8	55.5
Pension obligations	64.3	66.3	61.1
Provisions	23.6	35.5	37.9
Derivative liabilities	0.1	27.8	3.2
Other non-interest-bearing liabilities	33.7	26.6	27.8
Total non-current liabilities	**977.2**	**762.3**	**770.9**
Current liabilities			
Current portion of interest-bearing liabilities*	48.7	100.1	94.3
Other interest-bearing liabilities*	204.3	196.9	205.2
Provisions	82.7	63.4	66.6
Advances received	274.1	192.9	196.8
Income tax payables	19.5	11.4	14.0
Derivative liabilities	45.5	18.1	20.2
Accounts payable and other non-interest-bearing liabilities	818.0	735.8	728.1
Total current liabilities	**1,492.8**	**1,318.6**	**1,325.3**
Total equity and liabilities	**3,692.0**	**3,259.8**	**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 Sep 2014, EUR -8.7 (30 Sep 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						47.4	47.4	0.3	47.7
Cash flow hedges				-5.6			-5.6		-5.6
Translation differences			-38.6				-38.6	-0.1	-38.7
Defined benefit plan actuarial gains (+) / losses (-)						0.0	0.0		0.0
Comprehensive income for the period*			**-38.6**	**-5.6**		**47.4**	**3.2**	**0.2**	**3.4**
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**	**-43.2**	**-43.0**	**0.0**	**-43.0**
Equity on 30 Sep 2013	**64.3**	**98.0**	**88.6**	**8.1**	**0.1**	**915.5**	**1,174.6**	**4.3**	**1,178.9**
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						30.9	30.9	0.5	31.4
Cash flow hedges				-11.5			-11.5		-11.5
Translation differences			-11.6				-11.6	0.3	-11.3
Defined benefit plan actuarial gains (+) / losses (-)						-0.8	-0.8		-0.8
Comprehensive income for the period*			**-11.6**	**-11.5**		**30.1**	**7.0**	**0.8**	**7.8**
Dividends paid						-26.9	-26.9	-0.1	-27.1
Acquisition of treasury shares					-0.9		-0.9		-0.9
Stock options exercised					2.3		2.3		2.3
Share-based incentives*						0.5	0.5		0.5
Transactions with owners of the company					**1.4**	**-26.4**	**-25.0**	**-0.1**	**-25.1**
Equity on 30 Sep 2014	**64.3**	**98.0**	**52.5**	**-5.8**	**74.9**	**931.5**	**1,215.3**	**6.7**	**1,222.0**

*Net of tax

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

Consolidated condensed statement of cash flows

MEUR	1-9/2014	1-9/2013	1-12/2013
Net income for the period	31.4	47.7	55.4
Depreciation, amortisation and impairment	60.5	47.6	76.7
Other adjustments	21.5	35.0	35.4
Change in net working capital	6.9	-83.3	13.5
Cash flow from operations	**120.3**	**47.0**	**180.9**
Cash flow from financial items and taxes	-113.1	-73.2	-91.8
Cash flow from operating activities	**7.2**	**-26.1**	**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	-3.4	-	-4.5
Cash flow from investing activities, other items	-45.2	-21.7	-42.2
Cash flow from investing activities	**-233.5**	**-22.9**	**-117.0**
Stock options exercised	2.3	0.1	0.2
Acquisition of treasury shares	-0.9	-	-
Proceeds from sale of treasury shares	-	-	73.3
Proceeds from long-term borrowings	300.0	195.4	200.0
Repayments of long-term borrowings	-137.1	-28.0	-39.0
Proceeds from short-term borrowings	19.7	32.0	36.8
Repayments of short-term borrowings	-68.5	-48.3	-64.1
Dividends paid	-27.1	-44.1	-44.3
Cash flow from financing activities	**88.5**	**107.3**	**163.0**
Change in cash	**-137.9**	**58.2**	**135.2**
Cash, cash equivalents and bank overdrafts at the beginning of period	303.3	183.9	183.9
Effect of exchange rate changes	-3.0	2.0	-15.8
Cash, cash equivalents and bank overdrafts at the end of period	**162.4**	**244.1**	**303.3**
Bank overdrafts at the end of period	20.6	20.8	3.0
Cash and cash equivalents at the end of period	**183.0**	**264.9**	**306.2**

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

Key figures

		1-9/2014	1-9/2013	1-12/2013
Equity / share	EUR	18.86	19.15	19.18
Interest-bearing net debt	MEUR	834.8	576.7	578.3
Total equity / total assets	%	35.8	38.4	39.5
Gearing	%	68.3	48.9	46.7
Return on equity, annualised	%	3.4	5.3	4.5
Return on capital employed, annualised	%	4.1	5.7	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	**Q3/2014**	**Q3/2013**	**1-9/2014**	**1-9/2013**	**1-12/2013**
MacGregor	255	200	733	576	794
Kalmar	385	354	1,034	1,082	1,550
Hiab	200	198	629	611	841
Internal sales	-1	-1	-2	-1	-3
Total	**840**	**752**	**2,395**	**2,267**	**3,181**

Operating profit, MEUR	**Q3/2014**	**Q3/2013**	**1-9/2014**	**1-9/2013**	**1-12/2013**
MacGregor	7.0	16.6	29.6	46.9	60.0
Kalmar	30.7	14.9	21.7	36.4	56.9
Hiab	12.0	5.6	30.6	13.5	0.4
Corporate administration and support functions	-3.8	-5.9	-18.3	-19.5	-24.8
Total	**45.8**	**31.2**	**63.6**	**77.3**	**92.5**

Operating profit, %	**Q3/2014**	**Q3/2013**	**1-9/2014**	**1-9/2013**	**1-12/2013**
MacGregor	2.7	8.3	4.0	8.2	7.6
Kalmar	8.0	4.2	2.1	3.4	3.7
Hiab	6.0	2.8	4.9	2.2	0.1
Cargotec	5.4	4.2	2.7	3.4	2.9

Operating profit excl. restructuring costs, MEUR	**Q3/2014**	**Q3/2013**	**1-9/2014**	**1-9/2013**	**1-12/2013**
MacGregor	7.3	17.7	29.9	48.2	62.7
Kalmar	30.7	15.6	22.5	38.5	64.0
Hiab	14.2	8.1	43.2	20.5	24.4
Corporate administration and support functions	-3.8	-5.9	-17.8	-19.4	-24.6
Total	**48.4**	**35.4**	**77.8**	**87.9**	**126.5**

Operating profit excl. restructuring costs, %	**Q3/2014**	**Q3/2013**	**1-9/2014**	**1-9/2013**	**1-12/2013**
MacGregor	2.9	8.9	4.1	8.4	7.9
Kalmar	8.0	4.4	2.2	3.6	4.1
Hiab	7.1	4.1	6.9	3.4	2.9
Cargotec	5.8	4.7	3.2	3.9	4.0

Sales by geographical area, MEUR	Q3/2014	Q3/2013	1-9/2014	1-9/2013	1-12/2013
EMEA	293	308	1,011	976	1,385
Asia-Pacific	261	257	709	741	1,003
Americas	286	187	675	550	793
Total	**840**	**752**	**2,395**	**2,267**	**3,181**

Sales by geographical area, %	Q3/2014	Q3/2013	1-9/2014	1-9/2013	1-12/2013
EMEA	34.9	40.9	42.2	43.1	43.5
Asia-Pacific	31.0	34.2	29.6	32.7	31.5
Americas	34.1	24.9	28.2	24.3	24.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Orders received, MEUR	Q3/2014	Q3/2013	1-9/2014	1-9/2013	1-12/2013
MacGregor	253	157	906	650	1,011
Kalmar	380	366	1,104	1,073	1,430
Hiab	197	203	676	628	869
Internal orders received	0	-1	-1	-2	-3
Total	**829**	**724**	**2,685**	**2,348**	**3,307**

Order book, MEUR	30 Sep 2014	30 Sep 2013	31 Dec 2013
MacGregor	1,199	811	980
Kalmar	883	1,040	799
Hiab	245	199	203
Internal order book	0	-2	-2
Total	**2,327**	**2,048**	**1,980**

Number of employees at the end of period	30 Sep 2014	30 Sep 2013	31 Dec 2013
MacGregor	2,721	1,779	2,354
Kalmar	5,253	5,381	5,269
Hiab	2,684	2,906	2,823
Corporate administration and support functions	171	150	164
Total	**10,829**	**10,216**	**10,610**

Average number of employees	1-9/2014	1-9/2013	1-12/2013
MacGregor	2,689	1,787	1,832
Kalmar	5,286	5,292	5,288
Hiab	2,714	2,950	2,932
Corporate administration and support functions	166	156	157
Total	**10,855**	**10,185**	**10,210**

4. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	**1-9/2014**	**1-9/2013**	**1-12/2013**
Intangible assets	10.5	11.5	17.5
Property, plant and equipment	50.9	60.1	90.9
Total	**61.4**	**71.6**	**108.4**

Depreciation, amortisation and impairment, MEUR	**1-9/2014**	**1-9/2013**	**1-12/2013**
Intangible assets	21.2	13.9	27.6
Buildings	6.2	5.7	8.1
Machinery & equipment	33.1	28.0	41.0
Total	**60.5**	**47.6**	**76.7**

5. Taxes in statement of income

MEUR	**1-9/2014**	**1-9/2013**	**1-12/2013**
Current year tax expense	30.3	22.2	29.9
Deferred tax expense	-16.6	-0.3	-7.4
Tax expense for previous years	-0.4	-1.9	0.8
Total	**13.3**	**20.0**	**23.3**

6. Interest-bearing net debt and liquidity

MEUR	**30 Sep 2014**	**30 Sep 2013**	**31 Dec 2013**
Interest-bearing liabilities*	1,029.3	847.8	893.1
Loans receivable and other interest-bearing assets	-11.6	-6.1	-8.5
Cash and cash equivalents	-183.0	-264.9	-306.2
Interest-bearing net debt	**834.8**	**576.7**	**578.3**
Equity	1,222.0	1,178.9	1,239.4
Gearing	**68.3%**	**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 Sep 2014 by EUR -8.7 (30 Sep 2013: 3.6 and 31 Dec 2013: 8.2) million.

MEUR	**30 Sep 2014**	**30 Sep 2013**	**31 Dec 2013**
Cash and cash equivalents	183.0	264.9	306.2
Committed long-term undrawn revolving credit facilities	270.0	300.0	300.0
Repayments of interest-bearing liabilities in following 12 months	-253.0	-296.9	-299.5
Total liquidity	**200.0**	**268.0**	**306.7**

7. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Sep 2014	Negative fair value 30 Sep 2014	Net fair value 30 Sep 2014	Net fair value 30 Sep 2013	Net fair value 31 Dec 2013
Currency forward contracts	19.6	45.6	-26.0	15.4	0.6
Cross-currency and interest rate swaps	8.6	-	8.6	0.0	-5.6
Total	**28.2**	**45.6**	**-17.4**	**15.4**	**-5.0**
Non-current portion:					
Currency forward contracts	0.0	0.1	-0.1	-0.9	0.3
Cross-currency and interest rate swaps	8.6	-	8.6	1.5	-3.1
Non-current portion	**8.6**	**0.1**	**8.5**	**0.6**	**-2.8**
Current portion	**19.6**	**45.5**	**-25.9**	**14.7**	**-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 Sep 2014	30 Sep 2013	31 Dec 2013
Currency forward contracts	3,054.6	3,377.2	3,558.6
Hedge accounting	1,151.1	1,619.2	1,662.7
Cross-currency and interest rate swaps	162.9	222.1	217.5
Total	**3,217.5**	**3,599.3**	**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 Sep 2014	30 Sep 2013	31 Dec 2013
Guarantees	0.7	0.7	0.0
End customer financing	15.7	9.1	11.6
Operating leases	150.7	115.9	129.1
Off-balance sheet investment commitments	-	-	-
Other contingent liabilities	5.7	3.0	6.3
Total	**172.8**	**128.7**	**147.0**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 656.4 (30 Sep 2013: 423.9 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 Sep 2014	30 Sep 2013	31 Dec 2013
Less than 1 year	23.6	19.0	22.9
1-5 years	59.5	46.1	50.8
Over 5 years	67.7	50.8	55.4
Total	**150.7**	**115.9**	**129.1**

The aggregate operating lease expenses totalled EUR 19.2 (1-9/2013: 16.9 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 188,3 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 September 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	75.6
Property, plant and equipment	6.4
Inventories	9.1
Deferred tax assets	0.4
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	**82.3**
Purchase price, paid in cash	188.3
Total consideration	**188.3**
Non-controlling interest	0.0
Goodwill	**106.0**
Purchase price, paid in cash	188.3
Cash and cash equivalents acquired	-8.9
Cash flow impact	**179.4**

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 80 million to Cargotec's sales since the acquisition date. Transaction costs of EUR 1.9 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 an amoritsation cost of EUR 4.6 million regarding intangible assets recognised on acquisition, 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) respectively. 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 Sep 2014**	**30 Sep 2013**	**31 Dec 2013**
SEK	9.147	8.658	8.859
USD	1.258	1.351	1.379

Average rate	**1-9/2014**	**1-9/2013**	**1-12/2013**
SEK	9.038	8.604	8.662
USD	1.352	1.319	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		Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013
Orders received	MEUR	829	993	863	958	724
Order book	MEUR	2,327	2,285	2,111	1,980	2,048
Sales	MEUR	840	804	751	914	752
Operating profit	MEUR	45.8	-6.0	23.8	15.3	31.2
Operating profit	%	5.4	-0.7	3.2	1.7	4.2
Operating profit*	MEUR	48.4	4.7	24.6	38.6	35.4
Operating profit*	%	5.8	0.6	3.3	4.2	4.7
Basic earnings/share	EUR	0.43	-0.15	0.20	0.12	0.31

MacGregor		Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013
Orders received	MEUR	253	338	315	361	157
Order book	MEUR	1,199	1,181	1,128	980	811
Sales	MEUR	255	261	217	218	200
Operating profit*	MEUR	7.3	14.9	7.7	14.5	17.7
Operating profit*	%	2.9	5.7	3.6	6.6	8.9

Kalmar		Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013
Orders received	MEUR	380	394	330	357	366
Order book	MEUR	883	855	773	799	1,040
Sales	MEUR	385	323	327	468	354
Operating profit*	MEUR	30.7	-19.4	11.2	25.5	15.6
Operating profit*	%	8.0	-6.0	3.4	5.5	4.4

Hiab		Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013
Orders received	MEUR	197	261	218	241	203
Order book	MEUR	245	249	211	203	199
Sales	MEUR	200	221	208	229	198
Operating profit*	MEUR	14.2	15.6	13.4	3.9	8.1
Operating profit*	%	7.1	7.1	6.4	1.7	4.1

*Operating profit excluding restructuring costs