Cargotec's half year financial report
January–June 2017

FAVOURABLE DEVELOPMENT IN PROFITABILITY

CARGOTEC

Cargotec's January–June 2017 half year financial report: Favourable development in profitability

- **Kalmar's profitability improved**
- **Record high operating profit margin and strong orders received at Hiab**
- **Cost savings supported MacGregor's profitability development**

April–June 2017 in brief: Profitability improved

- Orders received decreased 3 percent and totalled EUR 800 (825) million.
- Order book amounted to EUR 1,720 (31 Dec 2016: 1,783) million at the end of the period.
- Sales declined 6 percent and totalled EUR 845 (898) million.
- Service sales totalled EUR 215 (220) million, representing 25 (24) percent of consolidated sales.
- Software sales increased 26 percent and totalled EUR 44 (35) million.
- Operating profit excluding restructuring costs was EUR 72.1 (64.8) million, representing 8.5 (7.2) percent of sales.
- Operating profit was EUR 60.4 (62.6) million, representing 7.2 (7.0) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 40.2 (55.8) million.
- Net income for the period amounted to EUR 37.5 (40.4) million.
- Earnings per share was EUR 0.58 (0.63).

January–June 2017 in brief: Strong development at Hiab

- Orders received decreased 4 percent and totalled EUR 1,657 (1,728) million.
- Sales declined 5 percent and totalled EUR 1,638 (1,727) million.
- Service sales totalled EUR 430 (431) million, representing 26 (25) percent of consolidated sales.
- Software sales increased 27 percent and totalled EUR 79 (63) million.
- Operating profit excluding restructuring costs was EUR 131.3 (123.3) million, representing 8.0 (7.1) percent of sales.
- Operating profit was EUR 116.7 (120.2) million, representing 7.1 (7.0) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 52.6 (146.6) million.
- Net income for the period amounted to EUR 74.0 (79.6) million.
- Earnings per share was EUR 1.15 (1.23).

Outlook for 2017 unchanged

Cargotec reiterates its outlook published on 8 February 2017 and expects its operating profit excluding restructuring costs for 2017 to improve from 2016 (EUR 250.2 million).

Cargotec's key figures

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Orders received	**800**	825	-3%	**1,657**	1,728	-4%	3,283
Service orders received	**208**	236	-12%	**434**	462	-6%	889
Order book, end of period	**1,720**	2,033	-15%	**1,720**	2,033	-15%	1,783
Sales	**845**	898	-6%	**1,638**	1,727	-5%	3,514
Service sales	**215**	220	-2%	**430**	431	0%	872
Software sales*	**44**	35	26%	**79**	63	27%	148
Service and software sales, % of Cargotec's sales	**31**	28		**31**	29		29
Operating profit**	**72.1**	64.8	11%	**131.3**	123.3	6%	250.2
Operating profit, %**	**8.5**	7.2		**8.0**	7.1		7.1
Operating profit	**60.4**	62.6	-3%	**116.7**	120.2	-3%	197.7
Operating profit, %	**7.2**	7.0		**7.1**	7.0		5.6
Income before taxes	**51.4**	57.5	-11%	**99.4**	108.3	-8%	169.1
Cash flow from operations	**40.2**	55.8	-28%	**52.6**	146.6	-64%	373.0
Net income for the period	**37.5**	40.4	-7%	**74.0**	79.6	-7%	125.3
Earnings per share, EUR	**0.58**	0.63	-7%	**1.15**	1.23	-7%	1.95
Net debt, end of period	**599**	619	-3%	**599**	619	-3%	503
Gearing, %	**42.7**	45.5		**42.7**	45.5		36.0
Net debt / EBITDA***	**2.2**	2.1		**2.2**	2.1		1.8
Return on capital employed (ROCE, annualised), %	**10.2**	11.0		**10.2**	11.0		8.8
Personnel, end of period	**11,147**	11,422	-2%	**11,147**	11,422	-2%	11,184

*Software sales includes Navis business unit and automation software
**Excluding restructuring costs
***Last four quarters' EBITDA

Cargotec's CEO Mika Vehviläinen: Excellent development at Hiab continued

The development of our business continued to be positive during the second quarter of 2017. The operating profit, excluding restructuring costs, was the highest in Cargotec's history. The business developed particularly well at Hiab, where the orders received increased by 17 percent and profitability improved to a record high level. In Kalmar, the orders received declined compared to last year. Nevertheless, the customer interest in port automation solutions continued to be high. Despite the positive development of container throughput, customers are considering their larger investments carefully. Kalmar's operating profit continued to improve. The market situation for MacGregor is still difficult, even though orders received increased compared to the first quarter. We managed to keep MacGregor's operating profit, excluding restructuring costs, positive also during the second quarter.

We are especially pleased with the development of our software business during the second quarter. Our software sales grew strongly during the quarter. We also defined a broader software strategy for Navis, part of Kalmar, during the first half of the year. The strategy offers a more comprehensive set of solutions to optimise the performance of terminals and carriers. Our cloud-based collaboration model will add transparency, efficiency and profitability to the network of ocean carriers, terminal operators and logistics providers.

We are continuing to increase our efficiency as planned. During the second quarter, we announced that we are targeting EUR 50 million savings from 2020 onwards by reducing indirect purchasing spend, streamlining business support processes and establishing Cargotec Business Services operations.

Reporting segments' key figures

Orders received

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**386**	438	-12%	**834**	892	-7%	1,721
Hiab	**279**	239	17%	**567**	514	10%	1,016
MacGregor	**136**	149	-9%	**257**	322	-20%	546
Internal orders	**-1**	0		**-1**	-1		-1
Total	**800**	825	-3%	**1,657**	1,728	-4%	3,283

Order book

MEUR	**30 Jun 2017**	31 Dec 2016	Change
Kalmar	**926**	900	3%
Hiab	**290**	286	1%
MacGregor	**507**	598	-15%
Internal orders	**-3**	-1	
Total	**1,720**	1,783	-4%

Sales

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**403**	420	-4%	**767**	787	-2%	1,700
Hiab	**282**	283	0%	**552**	529	4%	1,036
MacGregor	**160**	196	-18%	**320**	411	-22%	778
Internal sales	**0**	0		**-1**	0		-1
Total	**845**	898	-6%	**1,638**	1,727	-5%	3,514

Operating profit

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**32.5**	31.1	5%	**59.2**	56.3	5%	115.6
Hiab	**44.0**	41.3	7%	**83.6**	73.5	14%	138.8
MacGregor	**-3.8**	4.3	-188%	**-2.0**	13.3	-115%	-13.7
Corporate administration and support functions	**-12.4**	-14.1		**-24.1**	-22.8		-42.9
Total	**60.4**	62.6	-3%	**116.7**	120.2	-3%	197.7

Operating profit excluding restructuring costs

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**33.2**	31.9	4%	**61.1**	57.5	6%	135.3
Hiab	**44.1**	41.7	6%	**83.6**	74.2	13%	140.0
MacGregor	**4.9**	5.3	-9%	**7.3**	14.5	-50%	17.9
Corporate administration and support functions	**-10.0**	-14.1		**-20.8**	-22.8		-42.9
Total	**72.1**	64.8	11%	**131.3**	123.3	6%	250.2

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 1.00 p.m. EEST at Cargotec's head office, Porkkalankatu 5, Helsinki. The event will be held in English. The report will be presented by CEO Mika Vehviläinen and Executive Vice President, CFO Mikko Puolakka. The presentation material will be available at www.cargotec.com by latest 12.30 p.m. EEST.

The telephone conference, during which questions may be presented, can be accessed using the following numbers with access code Cargotec/6252467:

FI: +358 9 7479 0361
SE: +46 8 5033 6574
UK: +44 330 336 9105
US: +1 719 325 2202

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.

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Cargotec (Nasdaq Helsinki: CGCBV) enables smarter cargo flow for a better everyday with its leading cargo handling solutions and services. Cargotec's business areas Kalmar, Hiab and MacGregor are pioneers in their fields. Through their unique position in ports, at sea and on roads, they optimise global cargo flows and create sustainable customer value. Cargotec's sales in 2016 totalled approximately EUR 3.5 billion and it employs over 11,000 people. www.cargotec.com

Cargotec's half year financial report

Operating environment in January–June 2017

The number of containers handled at ports globally is estimated to have grown by 4.5 percent during the first half of 2017 compared to the first half of 2016 (Drewry). Interest in efficiency-boosting port automation solutions continued to be high, but due to the uncertainty caused by the strong consolidation of shipping companies, customers are careful with their decisions concerning major projects and automation solutions. The demand for mobile equipment and services was at last year's level.

The demand for Hiab's load handling equipment was supported in the United States and Europe by the construction activity, which remained at a good level during the first half. The demand for services improved from last year.

Ship contracting improved slightly during January–June 2017 compared to the first half of 2016, but remained at a very low level. The market for marine cargo handling equipment in general remained weak. The risk for order postponements and cancellations is still high. Contracting in the offshore sector declined compared to the comparison period. The demand for services declined during the second quarter.

Financial performance

Orders received and order book

Orders received by reporting segment

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**386**	438	-12%	**834**	892	-7%	1,721
Hiab	**279**	239	17%	**567**	514	10%	1,016
MacGregor	**136**	149	-9%	**257**	322	-20%	546
Internal orders	**-1**	0		**-1**	-1		-1
Total	**800**	825	-3%	**1,657**	1,728	-4%	3,283

Orders received by reporting segment, comparable foreign exchange rates*

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**383**	438	-13%	**824**	892	-8%	1,721
Hiab	**281**	239	18%	**566**	514	10%	1,016
MacGregor	**138**	149	-7%	**257**	322	-20%	546
Internal orders	**-1**	0		**-1**	-1		-1
Total	**802**	825	-3%	**1,646**	1,728	-5%	3,283

*Indicative. 2017 figures are calculated assuming that the foreign exchange rates would have remained at the comparison period's level.

Orders received during the second quarter decreased three percent from the comparison period and totalled EUR 800 (825) million. Compared to the comparison period, currency rate changes had no material impact on orders received. Orders received grew in Hiab and decreased in Kalmar and MacGregor. Service orders received declined 12 percent and totalled EUR 208 (236) million. The comparison period included a crane upgrade order from Malaysia of over EUR 20 million in services.

Orders received during January–June decreased four percent from the comparison period and totalled EUR 1,657 (1,728) million. Compared to the comparison period, currency rate changes had a one percentage point positive impact on orders received. Orders received grew in Hiab and decreased in Kalmar and MacGregor. Service orders received totalled EUR 434 (462) million. 50 percent of the orders of the first half year were received by Kalmar, 34 percent by Hiab and 16 percent by MacGregor.

Order book by reporting segment

MEUR	**30 Jun 2017**	31 Dec 2016	Change
Kalmar	**926**	900	**3%**
Hiab	**290**	286	**1%**
MacGregor	**507**	598	**-15%**
Internal order book	**-3**	-1	
Total	**1,720**	1,783	**-4%**

The order book decreased four percent from the end of 2016, and at the end of the second quarter it totalled EUR 1,720 (31 Dec 2016: 1,783) million. Kalmar's order book totalled EUR 926 (900) million, representing 54 (50) percent, Hiab's EUR 290 (286) million or 17 (16) percent and that of MacGregor EUR 507 (598) million or 29 (34) percent of the consolidated order book.

Orders received by geographical area

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
EMEA	**371**	332	12%	**775**	776	0%	1,537
Asia-Pacific	**155**	215	-28%	**313**	410	-24%	761
Americas	**274**	278	-1%	**569**	542	5%	985
Total	**800**	825	-3%	**1,657**	1,728	-4%	3,283

In geographical terms, the share of orders received increased to 47 (40) percent in EMEA and decreased to 19 (26) percent in Asia-Pacific in the second quarter. The Americas' share of all orders was 34 (34) percent.

In January–June, the share of orders received increased to 47 (45) percent in EMEA and decreased to 19 (24) percent in Asia-Pacific. The Americas' share of all orders was 34 (31) percent.

Sales

Sales by reporting segment

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**403**	420	-4%	**767**	787	-2%	1,700
Hiab	**282**	283	0%	**552**	529	4%	1,036
MacGregor	**160**	196	-18%	**320**	411	-22%	778
Internal sales	**0**	0		**-1**	0		-1
Total	**845**	898	-6%	**1,638**	1,727	-5%	3,514

Sales by reporting segment, comparable foreign exchange rates*

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**401**	420	-4%	**761**	787	-3%	1,700
Hiab	**284**	283	0%	**552**	529	4%	1,036
MacGregor	**162**	196	-17%	**320**	411	-22%	778
Internal sales	**0**	0		**-1**	0		-1
Total	**847**	898	-6%	**1,632**	1,727	-5%	3,514

*Indicative. 2017 figures are calculated assuming that the foreign exchange rates would have remained at the comparison periods' levels.

Second quarter sales declined six percent from the comparison period, to EUR 845 (898) million. Compared to the comparison period, currency rate changes had no material impact on sales. Sales were at the comparison period's level in Hiab and declined in Kalmar and in MacGregor. In MacGregor, the continued challenging market situation burdened sales. Service sales decreased two percent from the comparison period and totalled EUR 215 (220) million, representing 25 (24) percent of consolidated sales. Software sales increased by 26 percent and amounted to EUR 44 (35) million. Service and software sales amounted to EUR 259 (255) million, representing 31 (28) percent of consolidated sales.

January–June sales declined five percent from the comparison period, to EUR 1,638 (1,727) million. Compared to the comparison period, currency rate changes had no material impact on sales. Sales grew from the comparison period in Hiab and declined in Kalmar and MacGregor. Service sales totalled EUR 430 (431) million, representing 26 (25) percent of consolidated sales. Software sales increased by 27 percent and amounted to EUR 79 (63) million. Service and software sales amounted to EUR 510 (493) million, representing 31 (29) percent of consolidated sales.

Sales by geographical area

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
EMEA	**359**	374	-4%	**692**	699	-1%	1,482
Asia-Pacific	**212**	232	-9%	**409**	467	-12%	952
Americas	**274**	292	-6%	**538**	561	-4%	1,079
Total	**845**	898	-6%	**1,638**	1,727	-5%	3,514

In geographic terms, sales declined in all geographical areas during the second quarter. EMEA's share of consolidated sales was 43 (42) percent, the Americas' 32 (32) percent and Asia-Pacific's 25 (26) percent.

In January–June, sales were at the comparison period's level in EMEA, but declined in the Americas and Asia-Pacific. EMEA's share of consolidated sales was 42 (41) percent, the Americas' 33 (32) percent and Asia-Pacific's 25 (27) percent.

Financial result

Operating profit by reporting segment

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**32.5**	31.1	5%	**59.2**	56.3	5%	115.6
Hiab	**44.0**	41.3	7%	**83.6**	73.5	14%	138.8
MacGregor	**-3.8**	4.3	-188%	**-2.0**	13.3	-115%	-13.7
Corporate administration and support functions	**-12.4**	-14.1		**-24.1**	-22.8		-42.9
Total	**60.4**	62.6	-3%	**116.7**	120.2	-3%	197.7

Operating profit for the second quarter totalled EUR 60.4 (62.6) million. Operating profit includes EUR 11.7 (2.3) million in restructuring costs. EUR 0.7 (0.8) million of the restructuring costs were related to Kalmar, EUR 0.0 (0.5) million to Hiab, EUR 8.6 (1.0) million to MacGregor and EUR 2.3 (0.0) million to corporate administration and support functions.

Operating profit for January–June totalled EUR 116.7 (120.2) million. Operating profit includes EUR 14.6 (3.1) million in restructuring costs. EUR 1.9 (1.2) million of the restructuring costs were related to Kalmar, EUR 0.1 (0.7) million to Hiab, EUR 9.2 (1.2) million to MacGregor and EUR 3.3 (0.0) million to corporate administration and support functions.

Operating profit excluding restructuring costs by reporting segment

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Kalmar	**33.2**	31.9	4%	**61.1**	57.5	6%	135.3
Hiab	**44.1**	41.7	6%	**83.6**	74.2	13%	140.0
MacGregor	**4.9**	5.3	-9%	**7.3**	14.5	-50%	17.9
Corporate administration and support functions	**-10.0**	-14.1		**-20.8**	-22.8		-42.9
Total	**72.1**	64.8	11%	**131.3**	123.3	6%	250.2

Operating profit for the second quarter, excluding restructuring costs, was EUR 72.1 (64.8) million, representing 8.5 (7.2) percent of sales. Excluding restructuring costs, operating profit for Kalmar amounted to EUR 33.2 (31.9) million, Hiab EUR 44.1 (41.7) million, and MacGregor EUR 4.9 (5.3) million. Hiab's profitability improvement was driven by new products and slightly lower fixed costs. Kalmar's profitability improved due to more favourable mix (software and service) and higher profitability in project business. MacGregor's operating profit excluding restructuring costs remained at last year's level due to cost savings despite the decline in sales.

Operating profit excluding restructuring costs for January–June was EUR 131.3 (123.3) million, representing 8.0 (7.1) percent of sales. Excluding restructuring costs, operating profit for Kalmar amounted to EUR 61.1 (57.5) million, Hiab EUR 83.6 (74.2) million, and MacGregor EUR 7.3 (14.5) million.

Net financing expenses and net income

Net interest expenses for interest-bearing debt and assets for the second quarter totalled EUR 4.8 (4.3) million. Net financing expenses totalled EUR 9.0 (5.1) million. For January–June the net interest expenses for interest-bearing debt and assets totalled 8.2 (8.6) million euros. Net financing expenses totalled 17.3 (11.9) million euros.

Net income for the second quarter totalled EUR 37.5 (40.4) million, and earnings per share EUR 0.58 (0.63). Net income for January–June was EUR 74.0 (79.6) million, and earnings per share EUR 1.15 (1.23).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 3,541 (31 Dec 2016: 3,736) million at the end of the second quarter. Equity attributable to equity holders was EUR 1,399 (1,395) million, representing EUR 21.68 (21.65) per share. Property, plant and equipment on the balance sheet amounted to EUR 293 (309) million and intangible assets were EUR 1,268 (1,315) million.

Return on equity (ROE, annualised) in January–June was 10.6 (11.8) percent, and return on capital employed (ROCE, annualised) decreased to 10.2 (11.0) percent. Cargotec's financial target is to reach 15 percent return on capital employed.

Cash flow from operating activities in January–June, before financial items and taxes, totalled EUR 52.6 (146.6) million. Cash flow was burdened by lower advance payments as well as higher working capital needs in certain product categories in Kalmar. At the end of the second quarter, net working capital amounted to EUR 170 million, decreasing slightly from the level of EUR 175 million at the end of the second quarter in 2016.

Cargotec’s liquidity position is healthy. During the first quarter Cargotec issued two bonds in total aggregate amount of EUR 250 million. The maturities of the bonds are five and seven years. During the second quarter, Cargotec refinanced EUR 300 million revolving credit facility. The facility carries a tenor of five years including two one-year extension options. At the end of the second quarter, interest-bearing net debt totalled EUR 599 (31 Dec 2016: 503) million. Interest-bearing debt amounted to EUR 771 (782) million, of which EUR 48 (142) million was current and EUR 722 (640) million non-current debt. On 30 June 2017, the average interest rate on the loan portfolio was 2.2 (30 June 2016: 2.4) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 172 (31 Dec 2016: 278) million.

At the end of the second quarter, Cargotec’s total equity/total assets ratio was 41.1 (31 Dec 2016: 39.1) percent. Gearing was 42.7 (36.0) percent.

Corporate topics

Research and development

Research and product development expenditure in January–June totalled EUR 45.1 (44.9) million, representing 2.8 (2.6) percent of sales. EUR 0.3 (1.5) million was capitalised. Research and development investments were focused on projects that aim to improve the competitiveness and cost efficiency of products.

Kalmar

In January, Kalmar launched a new range of light diesel forklifts. The Kalmar DCG50-90 range, comprising seven models, was updated to provide better uptime, productivity and fuel savings to customers.

In March, Kalmar and Cargotec’s joint venture Rainbow-Cargotec Industries opened a new jetty in China. The new jetty will support Kalmar's business growth in the Asia-Pacific region by enabling the deliveries of fully erect Kalmar yard cranes from RCI. The jetty can berth vessels of up to 50,000 DWT capacities.

In May, Kalmar launched its revised vision for Port 2060 with a video to depict how the sustainable future of cargo handling will look like in the year 2060. According to the Port 2060 vision, data has fundamentally changed the way the world trade operates, making it more efficient, safe and sustainable.

In June, Kalmar launched a new range of mid-sized forklifts, The Kalmar Essential Range, to customers in the Americas and in Europe. The Essential range provides customers with the build quality, high availability and excellent safety at a highly competitive price.

Hiab

During the first quarter Hiab brought to market a new ZEPRO tail lift which is lighter than the previous model and easier as well as faster to install. At the beginning of the year, Hiab delivered the first forestry crane equipped with the camera-based HiVision™ control system to its customer in Sweden. HiVision moves the crane operation to the truck cabin. It has four cameras on top of the forestry crane that provide the operator with a realistic 270-degree view. This enables the crane operator to see the working area and operate the crane from the truck cabin using virtual reality goggles. During the first quarter it was also agreed that a similar crane will be delivered for Savo Vocational College in Finland.

Hiab continued to invest in digitalisation and services during the first quarter by developing connectivity in its products to ensure that by 2018 Hiab equipment are connected and able to communicate with other systems and devices. Hiab has also established the New Business Solutions organisation and started the first pilot projects with customers in the United Kingdom and the Netherlands. The pilot projects cover both loader cranes and demountables business lines.

During the second quarter, Hiab launched the semi-automatic folding (SAF) feature for folding and unfolding the crane with a single control level. The new feature makes the crane operation fast and easy for operators when parking the crane in a safe and controlled way.

In tail lifts, Hiab brought to market a new DEL model with Power Closure opening feature, which enables the opening and closing of the heavy-duty, steel column lift platform without manual effort, and a new robust ZEPRO folding lift for flexible distribution.

The roll-out of the MOFFETT truck mounted forklifts new NX series, launched in 2016, continued to new markets in Europe and the United States. These models offer new features for better performance, easier maintenance and improved safety and comfort.

In demountables, Hiab introduced a new visual service indicator that is specifically designed to monitor MULTILIFT equipment movements and the time spent in operation. The service indicator alerts the operator proactively when it is time for regular maintenance. In addition, a renewed SkipTop™ automatic load coverage was introduced for MULTILIFT Futura skiploaders. This optional feature increases safety, speed and ease-of-use in operation.

The roll-out of the new Hiab Webshop launched in 2016 for ordering original Hiab spare parts online continued to new markets in Denmark, Estonia, Finland, Latvia, Norway, Spain and Slovakia. Today the webshop is available to key customers and dealers in a total of 21 countries. In April, Hiab put its new 4,000 m2 regional distribution centre for Hiab spare parts outside of Indianapolis, United States, into operation. Its central location close to a growing e-commerce hub with access to all major express networks will speed up the spare part deliveries to customers in North America substantially.

The deliveries of the camera-based HiVision™ control system continued to customers in Germany. HiVision is now available on five LOGLIFT and JONSERED forestry crane models.

Furthermore, Hiab announced its forthcoming HiConnect^{TM} solution. HiConnect is a new connected service offering, which enhances the productivity of Hiab equipment for fleet operators by enabling real-time insights via web-based dashboards showing the utilisation, condition, and operation of their connected Hiab equipment. These insights will allow customers to reduce unnecessary downtime, optimise performance, and actively manage service and safe operation. Selected Hiab customers in several markets are currently piloting HiConnect, with the commercial launch aimed for the third quarter 2017.

MacGregor

During the first quarter, MacGregor won Offshore Support Journal's innovation of the Year award for its retrofit device, a 3D motion compensator. MacGregor launched a new crane compensation system for offshore ship-to-ship load transfers. During the quarter, MacGregor and Rolls-Royce signed a Memorandum of Understanding to collaborate on research and development in autonomous cargo ship navigation and cargo systems on board container ships. MacGregor opened a new virtual reality training facility in Arendal, Norway.

During the second quarter, MacGregor and ESL Shipping agreed to jointly develop and test autonomous discharging feature on bulk handling cranes. MacGregor also acquired the rights for a software to increase the efficiency of RoRo operations.

Capital expenditure

Capital expenditure in January–June, excluding acquisitions and customer financing, totalled EUR 18.3 (15.9) million. Investments in customer financing were EUR 17.2 (18.1) million. Of the capital expenditure, EUR 4.2 (4.6) million concerned intangible assets, such as global systems that in future enable higher efficiency in operational activities as well as in support functions. Depreciation, amortisation and impairment amounted to EUR 35.5 (38.5) million.

In March 2016, as part of plans to consolidate its assembly operations in Europe, Kalmar announced plans to invest approximately EUR 9 million in 2016–2017 in the expansion of the assembly unit in Stargard, Poland. Kalmar continued the work with the project and the investments amounted to around EUR 2 million during January–June 2017.

Operational restructurings

In May 2017, Cargotec announced it will target EUR 50 million savings by reducing indirect purchasing spend, streamlining processes and planning Cargotec Business Services operations. Cargotec targets annual cost savings of EUR 50 million from 2020 and onwards. Approximately 2/3 of the savings would come from reductions in global indirect purchasing spend like logistics, external services and facilities. The remaining part of the savings would come from applying new technologies, like automation, in support processes and from the planned new Cargotec Business Services operations that would start its activities in Sofia, Bulgaria.

Related to the savings targets, Cargotec started cooperation negotiations in Finland in May. These negotiations were completed in June and, as a consequence, the company will reduce 45 positions in Finland.

In October 2016, Cargotec announced that it will launch a programme to achieve cost savings of approximately EUR 25 million in MacGregor. The global employee co-operation negotiations resulted in the decision to reduce 230 person-years. The measures will particularly affect operations in China, Finland, Norway, Singapore and Sweden. MacGregor realised around EUR 12 million savings from the programme during the first half of 2017.

In September 2016, Cargotec announced plans to re-organise the maritime software company INTERSCHALT operations in Germany, USA and China. Re-organisations would affect tens of employees. The savings resulting from these activities are expected to amount to approximately EUR 2 million annually from 2017 onwards.

During the third quarter of 2016, MacGregor completed a workforce reduction process in Norway that was started in April 2016. The process led to a reduction of 85 employees by the end of the third quarter. The cost benefits of the reduction are estimated to amount to approximately EUR 7 million annually from 2017 onwards.

In July 2016, Kalmar completed the employee cooperation negotiations in Lidhult, Sweden, announced in March 2016. As a result, Kalmar will transfer the production of forklift trucks from Sweden to Poland, invest in new, state of the art premises in Sweden and transform the operations in Southern Sweden into a Business, Innovation and Technology Centre. The change in Lidhult will lead to a permanent reduction of 160 employees and gradual operational closing. The total benefits of the activities are expected to amount to approximately EUR 13 million annually from 2018 onwards.

Personnel

Cargotec employed 11,147 (31 Dec 2016: 11,184) people at the end of the second quarter. Kalmar employed 5,788 (5,702) people, Hiab 3,167 (2,997), MacGregor 1,952 (2,256), and corporate administration and support functions 240 (230). The average number of employees in the second quarter was 11,057 (11,193).

At the end of the second quarter, 11 (31 Dec 2016: 11) percent of the employees were located in Sweden, 9 (9) percent in Finland, and 42 (40) percent in the rest of Europe. Asia-Pacific personnel represented 22 (24) percent, North and South America 14 (14) percent, and the rest of the world 2 (2) percent of total employees.

Corporate responsibility

Cargotec continued the development of offering for eco-efficiency with external assurance process on the concept. A global certification organization DNV GL reviewed the process of defining the criteria and selecting the products to the offering portfolio. With clear externally assured criteria and system Cargotec is even more confident to develop the monitoring of the offering concept.

Additionally, Cargotec Navis Bluetracker software module, which is included into the offering, achieved a European certificate for CO_2 monitoring in line with new MRV (monitoring, regulation and verification) regulation. The MRV regulation aims to quantify and reduce CO_2 emissions from shipping. As of 2018, large ships using EU ports will be required to report their verified annual emissions.

Cargotec was also awarded with Gold recognition from a global rating company Ecovadis. Ecovadis assesses organizations against environmental, social and ethical criteria.

Executive Board

On 30 June 2017, Cargotec's Executive Board consisted of Mika Vehviläinen, CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; and business area presidents Antti Kaunonen (Kalmar), Roland Sundén (Hiab), and Michel van Roozendaal (MacGregor). Outi Aaltonen, Senior Vice President, General Counsel, acts as Secretary to the Executive Board.

Reporting segments

Kalmar

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Orders received	**386**	438	-12%	**834**	892	-7%	1,721
Order book, end of period	**926**	1,005	-8%	**926**	1,005	-8%	900
Sales	**403**	420	-4%	**767**	787	-2%	1,700
Service sales	**106**	105	1%	**213**	210	2%	436
% of sales	**26**	25		**28**	27		26
Operating profit	**32.5**	31.1	5%	**59.2**	56.3	5%	115,6
% of sales	**8.1**	7.4		**7.7**	7.2		6,8
Operating profit*	**33.2**	31.9	4%	**61.1**	57.5	6%	135,3
% of sales*	**8.2**	7.6		**8.0**	7.3		8,0
Personnel, end of period	**5,788**	5,682	2%	**5,788**	5,682	2%	5,702

*excluding restructuring costs

In the second quarter, the orders received by Kalmar declined 12 percent and totalled EUR 386 (438) million. The orders received grew Navis and declined in large projects. The orders decreased also in services, in which the comparison period included a crane upgrade order of over EUR 20 million from Malaysia.

Major orders received by Kalmar in the second quarter included:
- sixteen hybrid shuttle carriers to The Port of Virginia in the US including an option for a further 40 units,
- six Rubber Tyred Gantry (RTG) cranes to Ports America Chesapeake LLC to be used at their Seagirt Marine Terminal in Baltimore, Maryland, USA, as well as
- the first-ever Kalmar Parts Care spare part agreement with Indonesian shipping operator PT Meratus Line.

The orders received in January–June decreased seven percent and totalled EUR 834 (892) million. The orders received grew in Navis and Bromma but declined in large projects.

Kalmar’s order book grew three percent from the 2016 year-end, and at the end of the second quarter it totalled EUR 926 (31 Dec 2016: 900) million.

Kalmar’s second quarter sales declined four percent and totalled EUR 403 (420) million. Service sales were at the comparison period’s level, EUR 106 (105) million, representing 26 (25) percent of sales. January–June sales declined two percent and totalled EUR 767 (787) million. Service sales increased to EUR 213 (210) million, representing 28 (27) percent of sales.

Kalmar’s second quarter operating profit totalled EUR 32.5 (31.1) million. Operating profit includes EUR 0.7 (0.8) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 33.2 (31.9) million, representing 8.2 (7.6) percent of sales.

Operating profit for January–June totalled EUR 59.2 (56.3). Operating profit includes EUR 1.9 (1.2) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 61.1 (57.5) million, representing 8.0 (7.3) percent of sales. Kalmar’s profitability improved due to lower overhead costs as well as improved profitability in the project business.

Hiab

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Orders received	**279**	239	17%	**567**	514	10%	1,016
Order book, end of period	**290**	283	2%	**290**	283	2%	286
Sales	**282**	283	0%	**552**	529	4%	1,036
Service sales	**61**	61	0%	**122**	118	4%	233
% of sales	**22**	22		**22**	22		22
Operating profit	**44.0**	41.3	7%	**83.6**	73.5	14%	138.8
% of sales	**15.6**	14.6		**15.1**	13.9		13.4
Operating profit*	**44.1**	41.7	6%	**83.6**	74.2	13%	140.0
% of sales*	**15.6**	14.7		**15.2**	14.0		13.5
Personnel, end of period	**3,167**	3,036	4%	**3,167**	3,036	4%	2,997

*excluding restructuring costs

Hiab’s orders received for the second quarter increased 17 percent from the comparison period and totalled EUR 279 (239) million. Orders received increased strongly in loader cranes and demountables. During the second quarter, Hiab secured an order for over 600 HIAB loader cranes from India, which is a follow-up order of over 1,200 loader cranes in 2016. The trucks and cranes will be used by the Indian Defence Forces for transportation and loading and unloading of supplies, spares and other operational equipment. In addition, Hiab won an order for 40 HIAB loader cranes from Japan for a United Nations related project to assist developing countries in Africa, and another order for 50 HIAB loader cranes was received from China. Otherwise the orders were relatively small individual ones, typical for Hiab business. Orders received for January–June increased 10 percent from the comparison period and totalled EUR 567 (514) million. The order book totalled EUR 290 (31 Dec 2016: 286) million at the end of the second quarter.

Hiab’s second quarter sales were at the comparison period’s level and totalled EUR 282 (283) million. Service sales amounted to EUR 61 (61) million, representing 22 (22) percent of sales. January–June sales grew four percent from the comparison period and totalled EUR 552 (529) million. Service sales amounted to EUR 122 (118) million, representing 22 (22) percent of sales.

Operating profit for Hiab in the second quarter improved from the comparison period and totalled EUR 44.0 (41.3) million. Operating profit includes EUR 0.0 (0.5) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 44.1 (41.7) million, representing 15.6 (14.7) percent of sales.

Operating profit for January–June improved clearly from the comparison period and totalled EUR 83.6 (73.5) million. Operating profit includes EUR 0.1 (0.7) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 83.6 (74.2) million, representing 15.2 (14.0) percent of sales. Hiab’s profitability improvement was driven by higher volumes as well as new products.

MacGregor

MEUR	**4–6/2017**	4–6/2016	Change	**1–6/2017**	1–6/2016	Change	2016
Orders received	**136**	149	-9%	**257**	322	-20%	546
Order book, end of period	**507**	745	-32%	**507**	745	-32%	598
Sales	**160**	196	-18%	**320**	411	-22%	778
Service sales	**48**	54	-10%	**95**	104	-8%	204
% of sales	**30**	27		**30**	25		26
Operating profit	**-3.8**	4.3	-188%	**-2.0**	13.3	-115%	-13.7
% of sales	**-2.4**	2.2		**-0.6**	3.2		-1.8
Operating profit*	**4.9**	5.3	-9%	**7.3**	14.5	-50%	17.9
% of sales*	**3.0**	2.7		**2.3**	3.5		2.3
Personnel, end of period	**1,952**	2,473	-21%	**1,952**	2,473	-21%	2,256

*excluding restructuring costs

MacGregor's orders received in the second quarter declined nine percent from the comparison period to EUR 136 (149) million. Around two thirds of the orders received were related to merchant ships and around one third were offshore vessel-related. Orders received decreased in APAC and increased in EMEA and in Americas. In January–June the orders received declined 20 percent to EUR 257 (322) million.

Major orders received by MacGregor in the second quarter included:

- Linkspans and Moorex systems to Australia,
- winches and Triplex deck handling equipment for a research vessel to Germany,
- RoRo equipment and services for a naval vessel to Europe, as well as
- project management, engineering and supply of on-vessel equipment including a complete mooring and riser system to Excelerate Energy.

MacGregor's order book decreased 15 percent from the 2016 year-end, totalling EUR 507 (31 Dec 2016: 598) million at the end of the second quarter. Around three quarters of the order book is merchant ship-related and one quarter is offshore vessel-related.

MacGregor's second quarter sales declined 18 percent from the comparison period to EUR 160 (196) million. Sales were burdened by the challenging market situation. The share of service sales was 30 (27) percent, or EUR 48 (54) million. January–June sales declined 22 percent from the comparison period to EUR 320 (411) million. The share of service sales was 30 (25) percent, or EUR 95 (104) million.

MacGregor's operating profit for the second quarter totalled EUR -3.8 (4.3) million. Operating profit includes EUR 8.6 (1.0) million in restructuring costs, of which around EUR 5 million is related to the sale of Woodfield Systems Ltd. shares. Operating profit, excluding restructuring costs, totalled EUR 4.9 (5.3) million, representing 3.0 (2.7) percent of sales.

Operating profit for January–June totalled EUR -2.0 (13.3) million. Operating profit includes EUR 9.2 (1.2) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 7.3 (14.5) million, representing 2.3 (3.5) percent of sales. MacGregor's operating profit excluding restructuring costs declined as a consequence of lower volumes driven by the difficult market situation, but remained positive due to cost savings.

Annual General Meeting and shares

Decisions taken at the Annual General Meeting

Cargotec Corporation's Annual General Meeting (AGM), held on 21 March 2017, adopted the financial statements and consolidated financial statements of year 2016. The meeting granted discharge from liability for the CEO and the members of the Board of Directors for the accounting period 1 January–31 December 2016.The AGM approved a dividend of EUR 0.94 to be paid for each class A share and a dividend of EUR 0.95 be paid for each class B share outstanding. The dividend payment date was 30 March 2017.

The AGM approved that the Articles of Association of the company be changed regarding the number of regular and deputy members of the Board of Directors. The minimum number of members is changed to six (6), the maximum to twelve (12), and there will be no deputy members. The AGM authorised the Board to decide on the repurchase of Cargotec's shares with non-restricted equity. The number of the Board members was confirmed at ten. Kimmo Alkio, Jorma Eloranta, Tapio Hakakari, Ilkka Herlin, Peter Immonen, Kaisa Olkkonen, Teuvo Salminen and Heikki Soljama were re-elected to the Board of Directors, and Teresa Kemppi-Vasama and Johanna Lamminen were elected as new members. The AGM elected accounting firm PricewaterhouseCoopers Oy and authorised public accountant Tomi Hyryläinen as auditors. The auditors' fees were decided to be paid according to invoice approved by the company.

On 21 March 2017, Cargotec Corporation's Board of Directors elected by the Annual General Meeting elected at its organising meeting Ilkka Herlin to continue as Chairman of the Board. Tapio Hakakari was elected to continue as Vice Chairman. The Board also elected the Chairmen and the members for the Audit and Risk Committee as well as the Nomination and Compensation Committee.

Outi Aaltonen, Senior Vice President, General Counsel, will continue as Secretary to the Board. Cargotec published stock exchange releases on the decisions taken at the AGM as well as the Board of Directors' organising meeting on 21 March 2017. The stock exchange releases and presentations of the members of the Board of Directors are available on Cargotec's website at www.cargotec.com/investors.

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 55,182,079, while the number of class A shares totalled 9,526,089.

On 21 March 2017, the Board of Directors of Cargotec Corporation decided on a directed share issue related to the reward payments for share-based incentive programmes. The share reward payments are related to Cargotec's share-based incentive programme 2014, 2016 allocation of restricted shares programme 2014–2016 under the share-based incentive programme 2014, and 2016 allocation of restricted shares programme 2016–2018 under the share-based incentive programme 2016. In the share issue, 56,709 own class B shares held by the company have been transferred without consideration to the key employees participating in the share based incentive programmes in accordance with the programme specific terms and conditions. The decision on the directed share issue is based on the authorisation granted to the Board of Directors by the Annual General Meeting on 18 March 2014. According to the authorisation, the Board of Directors can decide on a share issue amounting to a maximum of 952,000 class A shares and 5,448,000 class B shares. Previously, in accordance with the authorisation, 26,684 own class B shares were transferred in March 2014, 28,030 class B shares in March 2015 and 27,601 class B shares in March 2016. More detailed information about the launch and the terms and conditions of the programmes is available in stock exchange releases published on 4 February 2014 and on 10 February 2016.

After the transfer of shares, Cargotec holds a total of 208,390 own class B shares, accounting for 0.32 percent of the total number of shares and 0.14 percent of the total number of votes. At the end of June, the number of outstanding class B shares totalled 54,973,689.

Share-based incentive programmes

In February 2017, The Board of Directors of Cargotec Corporation has resolved to establish a new share-based incentive programme directed to the key employees of Cargotec. The performance share programme includes three performance periods, calendar years 2017–2018, 2018–2019 and 2019–2020. Each performance period includes two measuring periods, both lasting for one calendar year. For measuring periods, the Board of Directors will annually resolve on the performance criteria and on the required performance levels for each criterion. During the performance period 2017–2018, the programme is directed to approximately 100 key employees, including the members of the Executive Board. The incentive programme supports increasing growth of the service and software business according to Cargotec's strategy.

For the key employees of the business areas Kalmar, Hiab, and MacGregor, the potential reward of the programme from the measuring period 2017 will be based on the business areas' service gross profit and return on capital employed (ROCE %, excluding restructuring costs), and for Navis software divisions' key employees, on Navis' sales and on strategic targets of Xvela business. For the Cargotec corporate key employees, the performance criteria are Cargotec's service gross profit and return on capital employed (ROCE %, excluding restructuring costs). The rewards to be paid on the basis of the performance period 2017–2018 will amount up to an approximate maximum total of 200,000 Cargotec's class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees.

After the end of the performance period, the Board of Directors will confirm the cumulative amount of rewards earned from the measuring periods 2017 and 2018, and potential rewards from the performance period 2017–2018 will be paid partly in Cargotec's class B shares and partly in cash in 2019. As a rule, no reward will be paid, if a key employee's employment or service ends before the reward payment. The shares paid as reward may not be transferred during an approximate one-year ownership and value creation period established for the shares.

Market capitalisation and trading

At the end of June, the total market value of class B shares was EUR 3,054 (2,007) million, excluding own shares held by the company. The period-end market capitalisation, in which unlisted class A shares are valued at the average price of class B shares on the last trading day of the period, was EUR 3,585 (2,352) million, excluding own shares held by the company.

The class B share closed at EUR 55.55 (36.42) on the last trading day of June on Nasdaq Helsinki. The volume-weighted average share price for January–June was EUR 48.96 (30.65), the highest quotation being EUR 59.25 (37.62) and the lowest EUR 40.26 (24.30). During the period, a total of 19 (25) million class B shares were traded on Nasdaq Helsinki, corresponding to a turnover of EUR 935 (770) million. In addition, according to Fidessa, a total of 28 (41) million class B shares were traded in several alternative marketplaces, such as XOFF and BATS CXE, corresponding to a turnover of EUR 1,384 (1,258) 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. Even though the favourable general development of the economy decreases many of the risks, a slowdown in global economic growth could reduce the growth in container traffic. Furthermore, the consolidation of ship companies may change port volumes in the future and affect customers' decision making. Project executions may face risks related to schedule, cost and delivery guarantees. Uncertainty may be increased by risks stemming from political instability, volatility on the currency and raw material markets, or from the financing sector. Greater difficulty in obtaining financing would weaken customers' liquidity and investments.

MacGregor's market situation still involves uncertainties. It is anticipated that the oversupply in the merchant ship market will take longer to balance out, since capacity will continue to increase while demand is expected to grow very moderately. At the same time, the low oil price and uncertainty regarding its development has led to an intense fall in investments by the oil industry and created oversupply in the offshore market. The concurrent deterioration in both markets has a negative impact on the financial situation of shipyards and ship owners, as well as ship operators. In the challenging market situation, customers may also try to postpone or cancel orders. In some cases the financial situation of customers may deteriorate significantly or even lead to customer insolvency.

Cargotec is involved in certain legal disputes and trials. The interpretation of international agreements and legislation may weaken the predictability of the end results of legal disputes and trials.

There are also ethical risks related to the industries and the geographical scope where Cargotec operates in. Cargotec has increased its investments to develop ethical business practices and the related internal processes are continuously being developed further.

More information on risks is available at www.cargotec.com, under Investors > Governance > Internal control and risk management.

Outlook for 2017 unchanged

Cargotec reiterates its outlook published on 8 February 2017 and expects its operating profit excluding restructuring costs for 2017 to improve from 2016 (EUR 250.2 million).

Financial calendar 2017

January–September 2017 interim report, Friday, 27 October 2017

Helsinki, 20 July 2017
Cargotec Corporation
Board of Directors

This half year financial report is unaudited.

Consolidated statement of income

MEUR	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
Sales	**844.8**	**898.3**	**1,638.2**	**1,726.6**	**3,513.7**
Cost of goods sold	-622.5	-675.1	-1,210.8	-1,306.4	-2,674.0
Gross profit	**222.3**	**223.2**	**427.4**	**420.2**	**839.7**
Gross profit, %	*26.3*	*24.8*	*26.1*	*24.3*	*23.9*
Other operating income	8.7	8.6	19.1	18.6	38.1
Selling and marketing expenses	-56.6	-56.5	-113.3	-111.0	-221.1
Research and development expenses	-25.0	-23.9	-49.1	-46.0	-94.1
Administration expenses	-68.9	-73.6	-135.9	-136.1	-277.0
Restructuring costs	-11.7	-2.3	-14.6	-3.1	-52.5
Other operating expenses	-8.3	-8.4	-17.9	-20.5	-37.8
Costs and expenses	-161.7	-156.1	-311.7	-298.1	-644.4
Share of associated companies' and joint ventures' net income	-0.2	-4.6	1.0	-1.8	2.5
Operating profit	**60.4**	**62.6**	**116.7**	**120.2**	**197.7**
Operating profit, %	*7.2*	*7.0*	*7.1*	*7.0*	*5.6*
Financing income and expenses	-9.0	-5.1	-17.3	-11.9	-28.6
Income before taxes	**51.4**	**57.5**	**99.4**	**108.3**	**169.1**
Income before taxes, %	*6.1*	*6.4*	*6.1*	*6.3*	*4.8*
Income taxes	-13.9	-17.0	-25.3	-28.8	-43.8
Net income for the period	**37.5**	**40.4**	**74.0**	**79.6**	**125.3**
Net income for the period, %	*4.4*	*4.5*	*4.5*	*4.6*	*3.6*
Net income for the period attributable to:					
Equity holders of the parent	37.6	40.5	74.3	79.7	126.0
Non-controlling interest	0.0	-0.1	-0.3	-0.1	-0.7
Total	**37.5**	**40.4**	**74.0**	**79.6**	**125.3**
Earnings per share for profit attributable to the equity holders of the parent:					
Basic earnings per share, EUR	0.58	0.63	1.15	1.23	1.95
Diluted earnings per share, EUR	0.58	0.63	1.15	1.23	1.94

Consolidated statement of comprehensive income

MEUR	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
Net income for the period	37.5	40.4	74.0	79.6	125.3
Items that will not be reclassified to statement of income:					
Defined benefit plan acturial gains (+) / losses (-)	-0.4	-3.6	-0.5	-2.6	-6.9
Taxes relating to items that will not be reclassified to statement of income	0.1	0.8	0.2	0.6	1.5
Total	**-0.3**	**-2.8**	**-0.4**	**-2.1**	**-5.4**
Items that may be reclassified subsequently to statement of income:					
Gains (+) / losses (-) on cash flow hedges	20.7	-9.0	30.7	11.1	1.7
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	-4.9	1.9	-3.8	1.7	1.4
Gains (+) / losses (-) on net investment hedges	-2.0	9.9	-2.5	11.7	22.4
Translation differences	-37.9	-13.8	-29.3	-30.7	-34.8
Taxes relating to items that may be reclassified subsequently to statement of income	-1.1	2.9	-3.5	-1.8	1.0
Total	**-25.2**	**-8.0**	**-8.4**	**-8.0**	**-8.3**
Comprehensive income for the period	**12.0**	**29.6**	**65.3**	**69.5**	**111.6**
Comprehensive income for the period attributable to:					
Equity holders of the parent	12.1	29.7	65.6	69.6	112.2
Non-controlling interest	-0.1	-0.1	-0.3	-0.1	-0.7
Total	**12.0**	**29.6**	**65.3**	**69.5**	**111.6**

The notes are an integral part of the consolidated half year financial statements.

Consolidated balance sheet

ASSETS, MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Non-current assets			
Goodwill	998.9	1,014.0	1,024.5
Other intangible assets	269.1	292.0	290.2
Property, plant and equipment	292.7	306.1	308.6
Investments in associated companies and joint ventures	114.6	114.1	123.4
Available-for-sale investments	3.8	3.8	3.8
Loans receivable and other interest-bearing assets*	4.8	2.2	3.0
Deferred tax assets	191.3	170.4	185.0
Derivative assets	10.2	14.0	16.9
Other non-interest-bearing assets	7.0	6.1	7.9
Total non-current assets	**1,892.4**	**1,922.8**	**1,963.4**
Current assets			
Inventories	657.2	690.9	647.0
Loans receivable and other interest-bearing assets*	2.9	2.5	1.9
Income tax receivables	39.8	20.5	26.1
Derivative assets	44.7	31.1	45.8
Accounts receivable and other non-interest-bearing assets	739.9	787.4	778.9
Cash and cash equivalents*	164.3	141.5	273.2
Total current assets	**1,648.9**	**1,673.9**	**1,773.0**
Total assets	**3,541.3**	**3,596.7**	**3,736.3**

EQUITY AND LIABILITIES, MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Equity attributable to the equity holders of the parent			
Share capital	64.3	64.3	64.3
Share premium account	98.0	98.0	98.0
Translation differences	7.9	30.2	37.3
Fair value reserves	-3.6	-17.2	-24.7
Reserve for invested non-restricted equity	69.0	76.6	69.0
Retained earnings	1,163.1	1,107.3	1,151.1
Total equity attributable to the equity holders of the parent	1,398.7	1,359.2	1,395.0
Non-controlling interest	2.4	2.0	2.2
Total equity	**1,401.0**	**1,361.2**	**1,397.2**
Non-current liabilities			
Interest-bearing liabilities*	732.8	657.1	656.8
Deferred tax liabilities	74.8	73.4	73.1
Pension obligations	83.1	74.7	81.4
Provisions	15.4	24.7	37.6
Other non-interest-bearing liabilities	57.9	47.3	49.4
Total non-current liabilities	**964.0**	**877.2**	**898.2**
Current liabilities			
Current portion of interest-bearing liabilities*	17.8	117.9	119.4
Other interest-bearing liabilities*	30.6	20.7	45.8
Provisions	121.0	76.1	112.8
Advances received	130.2	209.5	160.6
Income tax payables	20.6	32.2	32.0
Derivative liabilities	15.4	23.0	34.1
Accounts payable and other non-interest-bearing liabilities	840.7	878.8	936.2
Total current liabilities	**1,176.3**	**1,358.3**	**1,440.8**
Total equity and liabilities	**3,541.3**	**3,596.7**	**3,736.3**

*Included in interest-bearing net debt.

The notes are an integral part of the consolidated half year financial report.

Consolidated statement of changes in equity

	Attributable to the equity holders of the company								
MEUR	**Share capital**	**Share premium account**	**Translation differences**	**Fair value reserves**	**Reserve for invested non-restricted equity**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Equity on 1 Jan 2017	**64.3**	**98.0**	**37.3**	**-24.7**	**69.0**	**1,151.1**	**1,395.0**	**2.2**	**1,397.2**
Net income for the period						74.3	74.3	-0.3	74.0
Cash flow hedges				21.0			21.0		21.0
Net investment hedges			-0,2				-0.2		-0.2
Translation differences			-29.3				-29.3	0.0	-29.3
Actuarial gains(+) / losses(-) from defined benefit plans						-0.4	-0.4		-0.4
Comprehensive income for the period*			**-29,4**	**21,0**	**-**	**73.9**	**65.5**	**-0.3**	**65.3**
Profit distribution						-61.1	-61.1	-0.5	-61.6
Stock options exercised					-		-		-
Share-based payments*						1.5	1.5		1.5
Transactions with owners of the company					**-**	**-59.6**	**-59.6**	**-0.5**	**-60.1**
Transactions with non-controlling interests						-2.3	-2.3	0.9	-1.4
Equity on 30 Jun 2017	**64,3**	**98,0**	**7.9**	**-3.6**	**69.0**	**1,163.1**	**1,398.6**	**2.4**	**1,401.0**
*Net of tax									
Equity on 1 Jan 2016	**64.3**	**98.0**	**47.7**	**-26.7**	**76.1**	**1,079.9**	**1,339.3**	**2.4**	**1,341.8**
Net income for the period						79.7	79.7	-0.1	79.6
Cash flow hedges				9.5			9.5		9.5
Net investment hedges			11.7				11.7		11.7
Translation differences			-29.2				-29.2	0.0	-29.2
Actuarial gains(+) / losses(-) from defined benefit plans						-2.1	-2.1		-2.1
Comprehensive income for the period*			**-17.5**	**9.5**	**-**	**77.6**	**69.6**	**-0.1**	**69.5**
Profit distribution						-51.6	-51.6	-0.3	-51.9
Stock options exercised					0.5		0.5		0.5
Share-based payments*						1.3	1.3		1.3
Transactions with owners of the company					**0.5**	**-50.2**	**-49.8**	**-0.3**	**-50.1**
Transactions with non-controlling interests							-	0.0	0.0
Equity on 30 Jun 2016	**64.3**	**98.0**	**30.2**	**-17.2**	**76.6**	**1,107.3**	**1,359.2**	**2.0**	**1,361.2**
*Net of tax									

The notes are an integral part of the consolidated half year financial report.

Consolidated condensed statement of cash flows

MEUR	1–6/2017	1–6/2016	1–12/2016
Net income for the period	74.0	79.6	125.3
Depreciation, amortisation and impairment	35.5	38.5	84.8
Other adjustments	44.3	45.2	72.5
Change in net working capital	-101.2	-16.7	90.5
Cash flow from operations before financing items and taxes	**52.6**	**146.6**	**373.0**
Cash flow from financing items and taxes	-61.7	-13.7	-59.5
Net cash flow from operating activities	**-9.0**	**132.8**	**313.5**
Acquisitions, net of cash acquired	-0.9	-64.6	-66.8
Disposals of businesses, net of cash sold	-1.2	-	-
Investments in associated companies and joint ventures	-4.7	-2.7	-2.7
Cash flow from investing activities, other items	-29.0	-25.8	-61.9
Net cash flow from investing activities	**-35.8**	**-93.2**	**-131.5**
Proceeds from share subscriptions	-	0.5	0.5
Treasury shares acquired	-	-	-7.6
Acquisition of non-controlling interests	-0.4	-	-
Proceeds from long-term borrowings	250.0	-	-
Repayments of long-term borrowings	-241.4	-2.9	-3.2
Proceeds from short-term borrowings	6.7	25.4	38.2
Repayments of short-term borrowings	-32.2	-61.5	-58.9
Profit distribution	-61.6	-51.9	-52.8
Net cash flow from financing activities	**-79.0**	**-90.4**	**-83.9**
Change in cash and cash equivalents	**-123.8**	**-50.7**	**98.1**
Cash, cash equivalents and bank overdrafts at the beginning of period	260.8	164.9	164.9
Effect of exchange rate changes	10.0	15.6	-2.2
Cash, cash equivalents and bank overdrafts at the end of period	**147.0**	**129.8**	**260.8**
Bank overdrafts at the end of period	17.3	11.7	12.4
Cash and cash equivalents at the end of period	**164.3**	**141.5**	**273.2**

The notes are an integral part of the consolidated half year financial report.

Key figures

		1–6/2017	1–6/2016	1–12/2016
Equity / share	EUR	21.68	21.03	21.65
Interest-bearing net debt	MEUR	598.7	619.0	503.5
Total equity / total assets	%	41.1	40.2	39.1
Gearing	%	42.7	45.5	36.0
Interest-bearing net debt / EBITDA, rolling 12 months	x	2.2	2.1	1.8
Return on equity, annualised	%	10.6	11.8	9.1
Return on capital employed, annualised	%	10.2	11.0	8.8

Additional information regarding interest-bearing net debt and gearing is disclosed in note 6, Interest-bearing net debt and liquidity.

Notes to the half year financial report

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 Helsinki since 1 June 2005.

2. Accounting principles and new accounting standards

The half year financial report has been prepared according to IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2016 and comply with changes in IAS/IFRS standards effective from 1 January 2017. These changes had no material impact on the half year financial report. 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	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
Kalmar	403	420	767	787	1,700
Hiab	282	283	552	529	1,036
MacGregor	160	196	320	411	778
Internal sales	0	0	-1	0	-1
Total	**845**	**898**	**1,638**	**1,727**	**3,514**

Sales by geographical area, MEUR	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
EMEA	359	374	692	699	1,482
Asia-Pacific	212	232	409	467	952
Americas	274	292	538	561	1,079
Total	**845**	**898**	**1,638**	**1,727**	**3,514**

Sales by geographical area, %	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
EMEA	43	42	42	41	42
Asia-Pacific	25	26	25	27	27
Americas	32	32	33	32	31
Total	**100**	**100**	**100**	**100**	**100**

Operating profit and EBITDA, MEUR	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
Kalmar	32.5	31.1	59.2	56.3	115.6
Hiab	44.0	41.3	83.6	73.5	138.8
MacGregor	-3.8	4.3	-2.0	13.3	-13.7
Corporate administration and support functions	-12.4	-14.1	-24.1	-22.8	-42.9
Operating profit	**60.4**	**62.6**	**116.7**	**120.2**	**197.7**
Depreciation and amortisation	17.8	20.6	35.5	38.5	84.8
EBITDA	**78.2**	**83.2**	**152.2**	**158.7**	**282.5**

Operating profit, %	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
Kalmar	8.1	7.4	7.7	7.2	6.8
Hiab	15.6	14.6	15.1	13.9	13.4
MacGregor	-2.4	2.2	-0.6	3.2	-1.8
Cargotec	7.2	7.0	7.1	7.0	5.6

Restructuring costs, MEUR	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
Kalmar	-0.7	-0.8	-1.9	-1.2	-19.7
Hiab	0.0	-0.5	-0.1	-0.7	-1.2
MacGregor	-8.6	-1.0	-9.2	-1.2	-31.6
Corporate administration and support functions	-2.3	-	-3.3	-	0.0
Total	**-11.7**	-2.3	**-14.6**	**-3.1**	**-52.5**

Operating profit excl. restructuring costs, MEUR	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
Kalmar	33.2	31.9	61.1	57.5	135.3
Hiab	44.1	41.7	83.6	74.2	140.0
MacGregor	4.9	5.3	7.3	14.5	17.9
Corporate administration and support functions	-10.0	-14.1	-20.8	-22.8	-42.9
Total	**72.1**	**64.8**	**131.3**	**123.3**	**250.2**

Operating profit excl. restructuring costs, %	**4–6/2017**	**4–6/2016**	**1–6/2017**	**1–6/2016**	**1–12/2016**
Kalmar	8.2	7.6	8.0	7.3	8.0
Hiab	15.6	14.7	15.2	14.0	13.5
MacGregor	3.0	2.7	2.3	3.5	2.3
Cargotec	8.5	7.2	8.0	7.1	7.1

Orders received, MEUR	**4–6/2017**	**4–6/2016**	**1–6/2017**	**1–6/2016**	**1–12/2016**
Kalmar	386	438	834	892	1,721
Hiab	279	239	567	514	1,016
MacGregor	136	149	257	322	546
Internal orders received	-1	0	-1	-1	-1
Total	**800**	**825**	**1,657**	**1,728**	**3,283**

Orders received by geographical area, MEUR	**4–6/2017**	**4–6/2016**	**1–6/2017**	**1–6/2016**	**1–12/2016**
EMEA	371	332	775	776	1,537
Asia-Pacific	155	215	313	410	761
Americas	274	278	569	542	985
Total	**800**	**825**	**1,657**	**1,728**	**3,283**

Orders received by geographical area, %	**4–6/2017**	**4–6/2016**	**1–6/2017**	**1–6/2016**	**1–12/2016**
EMEA	47	40	47	45	47
Asia-Pacific	19	26	19	24	23
Americas	34	34	34	31	30
Total	**100**	**100**	**100**	**100**	**100**

Order book, MEUR	**30 Jun 2017**	**30 Jun 2016**	**31 Dec 2016**
Kalmar	926	1,005	900
Hiab	290	283	286
MacGregor	507	745	598
Internal order book	-3	-1	-1
Total	**1,720**	**2,033**	**1,783**

Number of employees at the end of period	**30 Jun 2017**	**30 Jun 2016**	**31 Dec 2016**
Kalmar	5,788	5,682	5,702
Hiab	3,167	3,036	2,997
MacGregor	1,952	2,473	2,256
Corporate administration and support functions	240	232	230
Total	**11,147**	**11,422**	**11,184**

Average number of employees	**1–6/2017**	**1–6/2016**	**1–12/2016**
Kalmar	5,684	5,516	5,588
Hiab	3,098	2,976	2,995
MacGregor	2,042	2,450	2,390
Corporate administration and support functions	234	215	221
Total	**11,057**	**11,157**	**11,193**

4. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	1–6/2017	1–6/2016	1–12/2016
Intangible assets	4.2	4.6	10.5
Property, plant and equipment	31.3	29.4	70.0
Total	**35.5**	**34.0**	**80.5**

Depreciation, amortisation and impairment, MEUR	1–6/2017	1–6/2016	1–12/2016
Intangible assets	14.5	14.2	29.3
Buildings and land	2.2	5.2	15.1
Machinery & equipment	18.8	19.1	40.4
Total	**35.5**	**38.5**	**84.8**

5. Taxes in statement of income

MEUR	1–6/2017	1–6/2016	1–12/2016
Current year tax expense	31.7	26.6	53.0
Tax expense adjustments for previous years	-2.8	-0.5	-1.1
Current year deferred tax expense	-5.9	3.3	-10.9
Previous years' deferred tax expense	2.2	-0.5	2.9
Total	**25.3**	**28.8**	**43.8**

6. Interest-bearing net debt and liquidity

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Interest-bearing liabilities*	781.2	795.6	821.9
Loans receivable and other interest-bearing assets	-7.7	-4.7	-5.0
Cash and cash equivalents	-164.3	-141.5	-273.2
Interest-bearing net debt on balance sheet	**609.2**	**649.4**	**543.7**
Foreign currency hedge of corporate bonds*	-10.5	-30.4	-40.2
Interest-bearing net debt	**598.7**	**619.0**	**503.5**
Equity	1,401.0	1,361.2	1,397.2
Gearing	**42.7%**	**45.5%**	**36.0%**

The fair values of interest-bearing assets and liabilities are not significantly different from their carrying amounts.

*Cash flow hedge accounting is applied to cash flows of the USD 85.0 million Private Placement corporate bonds. The cash flows of the bonds are converted into euro flows through long-term cross-currency swaps. As a result of the hedging, Cargotec effectively holds long-term euro-denominated fixed rate debt.

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Cash and cash equivalents	164.3	141.5	273.2
Committed long-term undrawn revolving credit facilities	300.0	300.0	300.0
Repayments of interest-bearing liabilities in following 12 months	-48.4	-138.6	-165.1
Total liquidity	**415.9**	**303.0**	**408.1**

7. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Jun 2017	Negative fair value 30 Jun 2017	Net fair value 30 Jun 2017	Net fair value 30 Jun 2016	Net fair value 31 Dec 2016
Currency forward contracts	44.7	15.4	29.3	-10.1	-11.8
Cash flow hedge accounting	16.8	0.2	16.6	-6.4	-8.4
Net investment hedge accounting	-	-	-	2.5	-12.2
Cross-currency and interest rate swaps	10.2	-	10.2	32.2	40.5
Total	**54.9**	**15.4**	**39.5**	**22.1**	**28.7**
Non-current portion:					
Cross-currency and interest rate swaps	10.2	-	10.2	14.0	16.9
Non-current portion	**10.2**	**-**	**10.2**	**14.0**	**16.9**
Current portion	**44.7**	**15.4**	**29.3**	**8.1**	**11.8**

Cross-currency and interest rate swaps hedge the US Private Placement corporate bond funded in February 2007. Cash flow hedge accounting is applied for these instruments.

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 2017	30 Jun 2016	31 Dec 2016
Currency forward contracts	3,434.6	3,595.0	3,578.6
Cash flow hedge accounting	1,097.1	1,103.5	1,311.4
Net investment hedge accounting	-	574.1	566.4
Cross-currency and interest rate swaps	74.5	184.7	194.5
Total	**3,509.1**	**3,779.6**	**3,773.1**

The derivatives have been recognised at gross fair values on balance sheet, as the netting agreements related to derivatives allow unconditional netting only in the occurrence of credit events, but not in a normal situation. The group has not given or received collateral related to derivatives from the counterparties.

8. Commitments

MEUR	30 Jun 2017	30 Jun 2016	31 Dec 2016
Guarantees	0.2	1.1	0.2
Customer financing	17.8	16.7	20.6
Operating leases	187.3	175.6	194.9
Other contingent liabilities	2.2	2.6	2.4
Total	**207.4**	**196.0**	**218.1**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 392.9 (30 Jun 2016: 419.0 and 31 Dec 2016: 424.3) million.

Cargotec leases globally a large part of the properties needed in the operations under non-cancellable operating leases with varying terms and conditions. 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 2017	30 Jun 2016	31 Dec 2016
Less than 1 year	34.3	32.5	34.9
1-5 years	83.8	76.4	85.1
Over 5 years	69.2	66.6	74.9
Total	**187.3**	**175.6**	**194.9**

The aggregate operating lease expenses totalled EUR 20.3 (1–6/2016: 20.2 and 1–12/2016: 39.5) million.

Cargotec received in October 2016 a USD 13 million verdict in a local jury trial in Hempstead, USA. Verdict is related to business acquisition negotiations Cargotec USA had in 2010 and 2011. The negotiations were closed without results. The claim is based on Cargotec having breached confidentiality obligations related to the negotiations. Cargotec disputes the claim and will appeal to the Court of Appeals.

There are also certain other legal claims and disputes based on various grounds 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 and disposals 2017

In April, as part of its restructuring programme, MacGregor sold the majority of its ownership in the British subsidiary Woodfield Systems Ltd to the company's management at a gross consideration of GBP 3.7 million including GBP 2.0 million of deferred consideration. The remaining 10% investment is accounted for as an associated company based on the level of influence retained by MacGregor. Restructuring costs of about EUR 5 million were recognised for the transaction.

Acquisitions and disposals 2016

INTERSCHALT maritime systems AG

Kalmar and MacGregor acquired on 2 March 2016 privately owned INTERSCHALT maritime systems AG ("INTERSCHALT") by purchasing the full share capital of the entity for EUR 62.1 million. Acquisition includes a German parent company and subsidiaries in China, Germany, Singapore, and the United States. INTERSCHALT delivers as its main products software solutions, and related maintenance and support services that allow to enhance and optimize containerships' steering and cargo handling. Additionally INTERSCHALT offers services for navigation equipment used in ships, and delivers equipment to ships for recording data about ship's movement and steering including voyage data recorders, and related services. The software solutions and services related to efficiency and optimisation were acquired by Kalmar, and the safety solutions with related services were acquired by MacGregor. The acquisition supports Cargotec's growth strategy by expanding Kalmar's strong existing software and automation business related to container handling from ports to sea and among ports, and by expandind MacGregor's service business. In connection with the acquisition, the personnel of Kalmar and MacGregor increased by 231 employees who are mainly located in Germany.

The goodwill generated in the acquisition arises mostly from personnel and expected synergy benefits. Goodwill recognised at acquisition is not tax-deductible. The table on the next page summarises the consideration transferred, assets acquired, and liabilities assumed at their acquisition date fair values.

Acquired net assets and goodwill, MEUR

Intangible assets	29.2
Property, plant and equipment	1.9
Inventories	2.6
Accounts receivable and other non-interest-bearing assets	4.0
Interest-bearing receivables	1.2
Cash and cash equivalents	3.7
Deferred tax assets	3.6
Accounts payable and other non-interest-bearing liabilities	-11.2
Interest-bearing liabilities	-5.9
Deferred tax liabilities	-8.7
Net assets	**20.4**
Purchase price, payable in cash	62.1
Total consideration	**62.1**
Goodwill	**41.7**
Purchase price, paid in cash	62.1
Cash and cash equivalents acquired	2.2
Cash flow impact	**64.3**

The fair value measurement of acquired assets resulted in identification of intangible assets related to customer relationships, technology and order book. The fair value of the acquired intangible assets was EUR 29.2 million on acquisition date. The goodwill resulting from the acquisition is mostly allocated to Kalmar segment, and partly to MacGregor segment. The deal consideration was fully paid in cash. The cost of acquisition does not include additional conditional amounts.

Other acquisitions

MacGregor obtained control of privately owned Flintstone Technology Ltd on 22 September 2016 by acquiring 51% of its share capital. Flintstone Technology Ltd is a UK-based technology company of ten employees that is developing mooring and fluid handling equipment for the offshore industry. In addition to the GBP 2.0 million paid at the acquisition, MacGregor is committed to pay contingent consideration up to GBP 1.6 million depending on the amount of orders received by the end of 2018. The acquisition does not have a significant effect on Cargotec’s cash flow or balance sheet.

In September, MacGregor signed a joint venture contract with China State Shipbuilding Corporation’s (CSSC) Nanjing Luzhou Machine Co Ltd (LMC) to form CSSC Luzhou MacGregor Machine Co Ltd. Subject to all relevant authority approvals, expected within this year, LMC will own 51 percent and MacGregor 49 percent of the new joint venture company. The joint venture is expected to strengthen MacGregor’s market position in China.

Key exchange rates for the Euro

Closing rate	30 Jun 2017	30 Jun 2016	31 Dec 2016
SEK	9.640	9.424	9.553
USD	1.141	1.110	1.054

Average rate	1–6/2017	1–6/2016	1–12/2016
SEK	9.590	9.281	9.450
USD	1.088	1.111	1.102

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
Total equity / total assets (%)	=	100 x	Total equity / Total assets - advances received
Gearing (%)	=	100 x	Interest-bearing debt* - interest-bearing assets / Total equity
Net interest-bearing debt / EBITDA (x), rolling 12 months	=		Net interest bearing debt / EBITDA (earnings before interests, taxes, depreciation and amortisation), rolling 12 months
Return on equity (ROE) (%)	=	100 x	Net income for the period / Total equity (average for the period)
Return on capital employed (ROCE) (%)	=	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 foreign currency hedging of the USD Private Placement corporate bonds.

In addition, Cargotec uses and presents alternative performance measures (APMs) to better convey underlying business performance and to enhance comparability from period to period. APMs are reported as complementary information.

The alternative performance measures used by Cargotec are:

Operating profit excluding restructuring costs (MEUR and % of sales)	=	Operating profit + restructuring costs
Interest-bearing net debt (MEUR)	=	Interest-bearing liabilities - loans receivable and other interest-bearing assets +/- foreign currency hedge of corporate bonds

Quarterly figures

Cargotec		Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016
Orders received	MEUR	800	857	822	733	825
Order book	MEUR	1,720	1,834	1,783	1,874	2,033
Sales	MEUR	845	793	933	854	898
Operating profit	MEUR	60.4	56.3	21.3	56.2	62.6
Operating profit	%	7.2	7.1	2.3	6.6	7.0
Operating profit*	MEUR	72.1	59.2	61.0	65.9	64.8
Operating profit*	%	8.5	7.5	6.5	7.7	7.2
Basic earnings/share	EUR	0.58	0.57	0.20	0.52	0.63

Kalmar		Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016
Orders received	MEUR	386	448	440	389	438
Order book	MEUR	926	977	900	922	1,005
Sales	MEUR	403	364	477	436	420
Operating profit*	MEUR	33.2	27.9	41.5	36.3	31.9
Operating profit*	%	8.2	7.7	8.7	8.3	7.6

Hiab		Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016
Orders received	MEUR	279	288	282	220	239
Order book	MEUR	290	302	286	258	283
Sales	MEUR	282	270	257	250	283
Operating profit*	MEUR	44.1	39.6	32.9	33.0	41.7
Operating profit*	%	15.6	14.6	12.8	13.2	14.7

MacGregor		Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016
Orders received	MEUR	136	121	100	124	149
Order book	MEUR	507	556	598	696	745
Sales	MEUR	160	160	199	169	196
Operating profit*	MEUR	4.9	2.4	0.5	2.8	5.3
Operating profit*	%	3.0	1.5	0.3	1.7	2.7

*Operating profit excluding restructuring costs