

FINAL TRANSCRIPT

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CORPORATE PARTICIPANTS

Mikael Makinen

Cargotec Corporation - President and CEO

Eeva Makela

Cargotec Corporation - Senior VP, IR and Communications

Kari Heinisto

Cargotec Corporation - CFO

CONFERENCE CALL PARTICIPANTS

Tom Skogman

Handelsbanken Capital Markets - Analyst

Jari Harrod

IMB Bank - Analyst

Miikka Kinnunen

Carnegie - Analyst

Antti Suttelin

Danske Market Equities - Analyst

Sasu Ristimaki

Enskilda Securities - Analyst

Erkki Vesola

eQ Bank - Analyst

Charlie Burrows

Goldman Sachs - Analyst

Johan Eliason

Cheuvreux - Analyst

Ioulia Varesko

JPMorgan - Analyst

Sanna Kaje

Glitnir - Analyst

Jan Brannback

ABN Amro - Analyst

PRESENTATION

Eeva Makela - *Cargotec Corporation - Senior VP, IR and Communications*

Okay, ladies and gentlemen, welcome to Cargotec Corporation's results review on January-September 2007 results. This is our first joint event, so that we have a live audience here in Helsinki as well as listeners on the conference call.

We will start with the presentation by our President and CEO, Mr. Mikael Makinen, which will last some 20 minutes. After that we will start with the questions here in Helsinki, and here in Helsinki we kindly ask you to use the microphone, state your name and then company before your question for the benefit of the conference call listeners. After that, we will then go over to the conference call questions and finally close up here in Helsinki with any questions through the web -- our web pages or then finally here. Mikael, please.

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Mikael Makinen - *Cargotec Corporation - President and CEO*

Ladies and gentlemen, welcome to the Q3 interim review. I will go through the slides here and I hope we will have a number of questions after that, but let's go through the facts, so to say, first.

January-September key issues. We had a very, very strong order intake in Q3, EUR1b, that's a record of Cargotec. Quite a number of big orders, especially them from MacGREGOR, we got during this quarter. It led to total orders received during the first nine months of close to 2.9b; up from 2.2b one year ago in the same period, so a very strong performance.

Also our sales was good, EUR713m. I will come back to that a bit later, but it's a 13% growth and half of it is organic, half of it through acquisitions. So we are also very, very strong performers.

Then we have continued our good performance in service development, which is one of the very, very key issues for myself as we grow Asian business. I will come back to that. Grow also The Americas and then service. And here we can see that we have really made strong, strong efforts here.

Operating profit was in line with what we said, 7.3% (sic - see presentation) for the quarter, EUR52.5m.

Market activity. Actually, there is not that much change from what I said one quarter ago. We have a good development in the world economy [and] trade. Container traffic contains to grow at its 9% pace, as we have seen.

Shipbuilding is, of course, booming. Many times we wonder if are we now at the top and so on. Yes, one day, we will see a downturn in order intake because now the order book is so long, but it will not have any effect for the next years on net sales. But we might see some down. We haven't seen it yet. I don't think it will come on quarter four, but just based on the fact that we have seen so many ships being ordered during the last two years.

One reason it is, of course, in the U.S. demand, the U.S. for high upside load handling equipment, that is very, very low. Actually, one could say, you saw in the first quarter, you saw order intake going down. You still saw orders being delivered, which is net sales. Quarter two, you saw the orders being down; you still had some orders to deliver. Quarter three, you see order intake down, also deliveries down in that market.

So I would say that from your point of view it could only -- it can only be better. It cannot go lower than this. But this quarter we have now seen, both in terms of order intake and in terms of net sales for U.S. the lowest area where will be.

Service, as I said, has developed very, very strongly. And then last, but not least, the load handling equipment in Europe has been very, very strong. So we have a lot of strong markets. We have the U.S. which affects Hiab; it doesn't affect Cargotec as a whole, but it affects Hiab because it's construction driven in truck registration.

Here, I answer some of the questions. Here on slide number four, you have the order intake at the record level. Yes we had a -- I'm actually very happy about the performance in Hiab, that we managed to have such a strong East and Central Europe, Russia and China, order intake and offsetting the very, very weak U.S. So I must say that the biggest part of Hiab has performed very well.

Kalmar container handling equipment has been very, very strong during this quarter. We have seen a number of big orders. We have announced 10 RTGs in Brazil, 10 RTGs in Morocco, 10 RTGs in Vietnam. Very, very interesting orders. We have tens of straddle carriers, Italy, Germany, Australia, so very interesting projects are going on, on the Kalmar side.

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On the Hiab side, of course, we don't announce -- we don't have that many big orders that we announce, but you have seen some announcements of Hiab equipment to China, to U.S. and to Denmark, but usually they are sold like one-offs. But strong development there and, as I said, in Kalmar, very interesting projects.

In MacGREGOR Offshore was something we acquired two companies, built the Offshore Division. Very, very strong order intake there; interesting orders. But we have to remember that many of the normal crane order, hatch cover orders in MacGREGOR, they are for a long period, for many years to come.

Slide number five, of course, this led to the record order intake of 1b for this quarter and that's 70% more than one year ago. I think it's more relevant to look at the first nine months; there we have a 32% increase from last year. So, strong, good order intake. This, of course, led to an order book which is at a record high level of 2.5b. One has to remember that 1.6b of this is related to MacGREGOR, so that's the biggest portion of this -- the order book.

Sales, as I said, have been developing very well. We'd have had a very good development without the downturn in U.S.; 14% on the quarter, 13% for the first nine months. As I said, about half organic, half through acquisitions. Also here a good -- I would say, good solid performance and exactly in line with how we have built up our long-term plan from 2007-2011. A steady growth of our net sales.

Geographical. Here you can really see -- on slide number eight, you can clearly see the downturn in U.S. And [there] we have really gone down 10% from one year ago, and it could have been much more than 10% if we would have looked only at Hiab, for this, of course, a combination of Hiab, Kalmar and MacGREGOR.

At the same time, very happy with what we have been working on for one year now is that now the Asian business starts to be of the same size as The Americas. We have really put in a lot of effort in building up our presence in Asia, to be an insider there, to work on projects there to build up a footprint. You will see on one slide a bit later that we had to build up our footprint there. We have to be a player in the market. At the same time, EMEA, Europe, Middle East and Africa, good development, strong economies.

Service; 28% increase. Good development in MacGREGOR, the green one, 45% increase from one year ago. Kalmar Service business is actually on a very solid base, so now we have the base. You have seen a number of acquisitions over the past year into Kalmar type of service, so there we already have a base, a platform. We have a way of developing the Service business there.

Then Hiab, only 11% growth. You have to remember here that there is a very, very solid growth in the rest of the world, but also the downturn in U.S. has affected our U.S. service in Hiab. So here again, good development. Keep in mind that one third of Hiab sales in a normal year has been to U.S., so that part has gone down. But as I said earlier, the good news is that now we are at the bottom.

Operating profit, Hiab 6.8% for the quarter. Could have been higher but keep in mind, again, the U.S. And, as I have said in some of the previous presentations, an established developed market is more profitable than a developing market, which means that even if you would offset the net sales in developing markets, you would not offset the operating profit. That's a solid base for going -- for continuing from here.

Kalmar; I will come back to that a bit later. But, as I said in the last quarter, we have big investment in developing the big crane area. Kalmar also has part of the purchase price allocation in this quarter. About -- almost half, 2m of the 4.6m, about half, is related to Kalmar. So again, here, I see a strong and good development. We are going in the right direction.

MacGREGOR Project business. Good growth, good quarter and admin, I will come back to that.

So Hiab, if you look at the first nine months, exactly as we said in the last quarter, we closed the Dutch factory. The U.S. demand is very low. Very strong in Europe and Asia cannot fully compensate the U.S. downturn.

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Kalmar; remember we have acquired a number of Service companies. They start to be onstream. They develop their Service business in terms of net sales, but it takes six to nine months to integrate a Service company. You will get -- the net sales will go on but operating profit for the first, you could say, nine months, is not on a level that it should be. That's related to integration, normal integration. We start to be at the end of it, yes but some of it affects the first nine months of Kalmar's performance.

Then we have the higher -- the presence in big cranes where we are developing products together with the customers. We are looking at new automation solutions, as we said in the last quarter.

MacGREGOR is a purchase price allocation; 4.6m, of which half -- over half is in MacGREGOR.

Group administration; we are developing our presence here. We had the development cost of Service. We have, developing the market position, presence in new markets. That's in the group admin, and those costs should bring revenues next year.

This lead to operating profit, EUR53m this quarter, EUR157 compared to EUR164 last year for the first nine months.

Earnings per share, EUR1.72, compared to EUR1.76 one year ago, EUR0.55 this quarter against EUR0.60 last year same level.

Cash flow lower than last year, both on the first nine months, on the quarter, yet really improve towards the end of the year. Now, when we have said that the sales for the last quarter will be very high so, of course, you buy into inventories in this quarter. So we see -- we will see a clear improvement at the end of the year.

Key figures; it's more mathematics. If you look at the gearing, of course, we bought [out] shares for EUR 40m. That affects the gearing today.

Acquisitions. You have seen the big list of acquisitions we have done over the year. We are integrating them. In this quarter you saw only two acquisitions, one U.S. service company and the second one, very important, Advanced Cargo Transshipment in The Netherlands. That's a port automation company. I would say one of the top companies in this field and that's very important for us. You saw earlier, when I talked about Kalmar investment in the big cranes, this is to speed it up here. A small company. It's just few people that you are buying, but at least now we have the brains to do automation solutions.

Then there are three areas that I would like to discuss. One is the R&D and our footprint, and the third one -- actually, the first one here, is services.

We have changed the service to speed up the Service growth, really focus on the resources and the Service know-how. So we have a new operating model called Cargotec Services, that we can better utilize the spare part logistics, training and use the Cargotec Services as an internal center of expertise, so we get maximum out of our Service business in total. So you will see a number of service stations in the future saying Cargotec Services instead of Kalmar Services. And as Cargotec Services, perhaps, they will then service all kinds of that equipment.

We have also said that we want to really focus -- have a special focus on refurbishment and conversion projects, which we see that there's a number of them out there and we have not really focused on that earlier, and also total maintenance contracts.

Two other areas. We have often been asked that, yes, yes, you do the R&D and we have increased the R&D spending from 1.2 to 1.5, so what are you doing and how will they help anything? And I've tried to put here some of the focus areas.

In Hiab it's a new family of cranes. The latest one that we have announced is our biggest capacity loader crane, something that we haven't had before, a very good market, very interesting product.

In Kalmar, it's as I said earlier, big cranes and automation solutions, and eco-efficiency. We put a lot of effort into eco-efficiency. That's using less fuel, having electrical drives, hybrid solutions and so on.

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MacGREGOR, it's mainly control systems plus electrical solutions. That's where this money goes, this additional money from increasing the R&D spending. Will it help us? No, it will not help us alone, and that's exactly why I said -- why I put here on this slide, the right-hand side, expansion of our production presence.

During this year we have expanded a lot our footprint. Indonesia, Surabaya, we have a production unit with 100 plus people, making solutions for offshore. In India we have now a container and load-handling equipment manufacturing base. In China, we have one new factory. We have a number of factories in China already, but one new in [Beijing], a new area. We went out of Shanghai to have one factory in a different area for offshore solutions.

Vietnam, we have a Joint Venture for hatch cover manufacturing, so that we would not be solely dependant on China. Of course, we have it also in Poland and we have in Korea, but I mean the big base. We want to build one more big base in Vietnam for MacGREGOR. First MacGREGOR products and then after that, maybe, Kalmar and Hiab products. Estonia, component manufacturing. We have acquired in Narva, which is in the eastern part of Estonia, it's a totally Russian-speaking area, we have acquired a component manufacturing unit. It's about 550 people. We have been their customer for many years, and it was owned by A B Moeller, so the quality is very good, it's in a good location and there we are ramping up the manufacturing.

So in addition to our, what we had before, our factories in China, we had a good factory in Korea, we had a big set-up in Singapore, we had a very, very efficient factory in Malaysia. Now that, together with this new footprint, I must say that we have done a very, very big step on developing the new Cargotec.

Outlook. As I said earlier, we will have this growth and efficiency-related investments during 2007. The market looks very good, except for the U.S. market, as I have said here already many times. The record order intake and how we see the projects, we have actually lifted the order intake estimate and it should be close to 30% 2007. So there we clearly see that there are more orders out there than we thought one quarter, half a year ago.

The sales growth is estimated to be unchanged at approximately 15% which, then, if you calculate what we have already announced in terms of sales, means that there will be a strong sales growth for the final quarter. Of course, a strong sales growth will give us, in euros, a very good growth in the operating profit from the previous quarters. But we have also said that the margin for the final quarter remains on the third quarter level. So I think here you have -- you can do the math then but that should give you a good indication of where we are.

So interesting markets. We are doing a lot of effort in terms of improving our performance and I think that we will see a great quarter and a great year. Thank you.

QUESTIONS AND ANSWERS

Eeva Makela - *Cargotec Corporation - Senior VP, IR and Communications*

Okay. Thank you. We are now ready for questions and, as mentioned earlier, we'll start with the questions here in Helsinki, so please raise your hand. We have two microphones in the room for your disposal.

Tom Skogman - *Handelsbanken Capital Markets - Analyst*

Yes, this is Tom Skogman from Handelsbanken Capital Markets. As you have a big extension of your footprint globally, as you said, I just wonder how -- what kind of a percentage of your employees, if you exclude the Service business, is now in low-cost countries, and what was it 12 months ago?

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And then the second question would be, could you just elaborate a bit about how badly you will be hurt going to next year in Kalmar following the U.S. dollar drop?

Mikael Makinen - Cargotec Corporation - President and CEO

If we take the first question, does anyone have the figures? But let's say that we have 3,000, a bit more than 3,000 people in Service. Then I don't actually have the -- do you have, Eeva, the change? I would say that we have increased by how many people since last year, one year ago? Almost 2,000, 1,900.

Eeva Makela - Cargotec Corporation - Senior VP, IR and Communications

(Inaudible) from 8,500 to 11,000 people.

Mikael Makinen - Cargotec Corporation - President and CEO

And a fairly big part of that is in low-cost.

Kari Heinisto - Cargotec Corporation - CFO

(Inaudible) Kari Heinisto speaking. Two biggest increases was the Balti in Estonia and the Plimsoll activities which take place in Singapore, Indonesia and China. Maybe there is an increase in our Chinese manufacturing which is also not insignificant.

Mikael Makinen - Cargotec Corporation - President and CEO

Second question, I don't remember how you put it, about it. But if you look at what we have said here about the risks and uncertainties, so we have actually not said anything about the U.S. dollar. So we don't see that as a -- it's difficult, yes. I [wouldn't] say that. But we have not listed it as one of the major things that are affecting or improving our result next year, no.

Jari Harrod - IMB Bank - Analyst

Jari Harrod, [IMB Bank]. I have one question regarding this long order backlog. Can you just elaborate a little bit how it's actually divided between different years because it seems that it's going to stretch well beyond 2008?

Mikael Makinen - Cargotec Corporation - President and CEO

Well beyond 2008, although the order book in Hiab, of course, it doesn't stretch beyond 2008. Kalmar, usually it's 12, 14 months, the order book. Then the rest, 1.6b which is the MacGREGOR order book, it actually stretches into -- I think the last deliveries are 2012 but, of course, that's because there is a big series of ships sold in the last delivery there. So you say that Kalmar has -- sorry, MacGREGOR is for 2008/2009. And then it's [in there] for the following two or three years.

Miikka Kinnunen - Carnegie - Analyst

It's Miikka Kinnunen from Carnegie. On Hiab's U.S. business, obviously, the numbers are down year over year. Can you somehow tell us how is the [bid] situation quarter-on-quarter basis? So was the order intake net sales much lower now in the third quarter compared to the second quarter? And then going to the fourth quarter, can we try to really catch whether it's now at a problem or not?

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Mikael Makinen - Cargotec Corporation - President and CEO

As I said, in the first quarter you saw the order intake going down and you saw still net sales being there. Second quarter, you saw the order intake going further down and very little net sales, yes. Third quarter, very, very low order intake, very, very low net sales.

Actually, in my opinion it cannot go further down from that. It can only go up. But we haven't seen any signs of any upturn. It will, of course, never go to zero. There is always these big customers who have a long-term strategy and they are going to buy. But the normal truck operators, fleet operators with 200, 300 trucks, that's really that there is -- you could say that it could not go lower.

Antti Suttelin - Danske Market Equities - Analyst

Hello. It's Antti Suttelin from Danske Market Equities. You had a very strong order intake in MacGREGOR. Would you consider that this kind of order intake is normal, given the strong underlying market, or would you consider that the third quarter was exceptionally strong somehow and unlikely to repeat in the coming quarters?

Mikael Makinen - Cargotec Corporation - President and CEO

This is a very difficult question because you know that the order intake in MacGREGOR is dependent on a number of big ship orders, with long series. Will they come in the fourth quarter? Will they not come? I don't know. But I can tell you that there are still a big number of projects out there.

Sasu Ristimaki - Enskilda Securities - Analyst

Sasu Ristimaki, Enskilda Securities. A question on Hiab in Europe. Can you clarify how much of the sales are to end customer segments in construction and construction materials? And have you seen any signs of weakness there?

Mikael Makinen - Cargotec Corporation - President and CEO

Hiab in Europe, it's actually -- then you should split Europe into country per country, yes. But no, Europe as a total is still very strong. But as we said in our text, is that it's mainly Eastern Europe which is very, very strong today.

How much is construction-related? Not as much as in U.S. There is a much wider segment of users in Europe than in U.S.

Sasu Ristimaki - Enskilda Securities - Analyst

Then on a different note, if I may, the working capital development is consuming cash quite significantly at the moment. Where do you anticipate working capital to be at the end of the year?

Mikael Makinen - Cargotec Corporation - President and CEO

I think that -- we have said that this expansion and what we see that we will have a strong sales during the final quarter that ties up capital. So I would not like to give you a figure, but it will be -- it's definitely stronger than the third quarter.

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Sasu Ristimäki - *Enskilda Securities - Analyst*

Thank you.

Erkki Vesola - *eQ Bank - Analyst*

Erkki with eQ Bank. I was wondering what type of price increases, if any, have you achieved in different divisions when booking orders during the third quarter?

Mikael Makinen - *Cargotec Corporation - President and CEO*

I think that, if any, if there wouldn't be any then we would be in big trouble for the future. We have increased the prices exactly as I said after the second quarter. We have been able to increase, but I would not like to go in because it's not only business area to business area, it's also product to product, country per country. But we have increased our prices. We have increased our prices more than before, and that's more than the earlier years, I would say. And that's mainly to offset that we see material price increases.

Eeva Makela - *Cargotec Corporation - Senior VP, IR and Communications*

If there are no further questions in Helsinki, operator, we would now be ready for the questions from our conference call audience.

Operator

Thank you. (OPERATOR INSTRUCTIONS). Our first question comes from the line of Charlie Burrows from Goldman Sachs. Please go ahead.

Charlie Burrows - *Goldman Sachs - Analyst*

Good afternoon everybody, just one question. The increase in turnover you've indicated will be very strong in Q4, but the margin will be the same as it was in Q3. Can you just explain why there is not more operational gearing coming through in Q4? Thank you.

Mikael Makinen - *Cargotec Corporation - President and CEO*

Yes. What we said, of course, is that you are totally right, that we said that the margin will be the same in percentage as in quarter three. We have to remember, first of all, one thing is that we have indicated that the PPA, the purchase price allocation, is roughly 10m for the full year, and now we have also said that for the first nine months it was 4.6. So, of course, the rest of it has to come towards the end of the year. So maybe that's the single biggest one affecting the percentage.

Charlie Burrows - *Goldman Sachs - Analyst*

Okay. But ex-PPA, we should expect an operational gearing effect, therefore, from the higher turnover? There's nothing else in terms of booking lower margin contracts or anything else that's actually coming through that's impacting.

Operator

Thank you, our next --

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Mikael Makinen - Cargotec Corporation - President and CEO

Yes.

Operator

Sorry.

Mikael Makinen - Cargotec Corporation - President and CEO

No, no. I would say that that's one of the reasons. The second reason is, of course, as I said earlier, that the Hiab U.S. is very low.

Charlie Burrows - Goldman Sachs - Analyst

Okay. Thank you.

Operator

Thank you. Our next question from the telephone is from Johan Eliason from Cheuvreux. Please go ahead.

Johan Eliason - Cheuvreux - Analyst

Yes. Hello, this is Johan. Just a question regarding MacGREGOR. We've seen a terrific order intake there, of course. And we know that the shipyards, they're closing in of their full capacity right now, so their volumes being produced currently can't go up much further. What would be the roof setting limit for your division in the MacGREGOR Division?

Mikael Makinen - Cargotec Corporation - President and CEO

In terms of net sales, you mean?

Johan Eliason - Cheuvreux - Analyst

Yes.

Mikael Makinen - Cargotec Corporation - President and CEO

We will see some development still next year, but it's not so that you could -- it's not 50% more or 60% more exactly for the reason that you said, that the shipyards start to be full. And then it's very much dependent on when we have the deliveries, how big, which type, is it only hedge covers and so on. So you will see a sales development, but not in same proportion as the order intake development.

Johan Eliason - Cheuvreux - Analyst

Okay. Thank you.

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Operator

Thank you. Our next question on the telephone is from Ioulia Varesko from JPMorgan. Please go ahead.

Ioulia Varesko - JPMorgan - Analyst

Hello. This is Ioulia Varesko from JPMorgan. I have a question on Hiab. Demand in Europe and Eastern Europe and Asia clearly helped a lot in offsetting part of the weakness in North America. I was just wondering what is -- what do you think is the outlook for 2008 for Europe and Asia? Will it be strong enough to offset potential continued weakness in the U.S.?

And my second question is on your investments into efficiency and expanding your product areas and global footprint. Do you expect these investments to continue into 2008 as well?

Mikael Makinen - Cargotec Corporation - President and CEO

Okay. For the first question, for Hiab, as we see it today, yes, it will offset the U.S. downturn. We always have pockets of very strong development. We have Middle East coming up for Hiab platform equipment. We have Asia, especially China, India developing very well. So as we see the market today, yes, they will offset the downturn in U.S.

Your second question was about the investment for the future. Of course, we are all the time looking at this. But as you saw on the list, we have now done a lot in terms of footprint development. So now we have to get full efficiency out of those assembly sites. So yes, you will see further investment, but maybe not at the same pace. Yes, you will see some R&D development going into next year but you should also see some revenue -- additional revenue from those investments.

Ioulia Varesko - JPMorgan - Analyst

Okay. Thank you. And could I just maybe ask another question on the PPA costs? First of all, why does it fluctuate so much between Q3 and Q4? And secondly, if you could give us some guidance on what you expect for that for 2008 and 2009.

Mikael Makinen - Cargotec Corporation - President and CEO

Sorry, I could not hear.

Eeva Makela - Cargotec Corporation - Senior VP, IR and Communications

The question was on purchase price allocation, why the fluctuation between third and fourth quarter, i.e., what's in the third. And her question continued is do we expect PPA to continue in '08?

Mikael Makinen - Cargotec Corporation - President and CEO

Yes. Actually, Kari, you -- Kari Heinisto can answer this question.

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Kari Heinisto - Cargotec Corporation - CFO

First of all, I'll take the later question about 2008/2009, so the biggest one is look at the time schedule of when the acquisitions are done. So it is declining, the total number of PPAs for those executed acquisitions, mainly because it has been related to the acquired order backlog which is the biggest single part.

And the other part is that when allocating the PPA, so those acquisitions have not been -- the PPA calculations have not been -- they will get final within 12 months of the acquisition. So there is [implementation] issues which also are affected in the numbers, as you have noted.

Mikael Makinen - Cargotec Corporation - President and CEO

And then we have to remember that the order book that existed there in the company when we took over them, they happened to have the biggest number of deliveries in quarter four. That's very much related to our offshore business.

Ioulia Varesko - JPMorgan - Analyst

I see. Thank you very much.

Operator

Thank you. That was our final question from the telephones. (OPERATOR INSTRUCTIONS). Okay, we have no further questions from the phone.

Eeva Makela - Cargotec Corporation - Senior VP, IR and Communications

Thank you, operator. Are there any final questions here in Helsinki? Yes, we'll continue with a few questions in Helsinki.

Sanna Kaje - Glitnir - Analyst

[Sanna Kaje], [Glitnir]. I have a question about the acquired Service companies. How well has the integration of these companies started? Have you seen any improvement yet growth-wise or in profitability?

Mikael Makinen - Cargotec Corporation - President and CEO

The integration of the Service -- as I said, we have -- the development has been very good in that sense that we have not -- I don't think we have -- I think that the increase of net sales in Service has shown that the integration has been fairly smooth.

Then you have the initial integration cost of putting in a new accounting system, a new way of working to this small company that affects the operating income in the beginning. So, at last I would say that the integration has been smooth and very good; very much in line with what we anticipated one year ago.

Sanna Kaje - Glitnir - Analyst

Have you seen any improvement in the margins of the acquired companies?

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Mikael Makinen - *Cargotec Corporation - President and CEO*

As I said, the big number of the acquired companies are at that stage that we are now starting to see the improvement. Yes, we see the improvement there but it doesn't come, day one, when you acquire a company.

Jari Harrod - *IMB Bank - Analyst*

Jari Harrod, IMB Bank. I have still one question regarding Hiab's EBIT margin. So if we are looking at Q2 and Q3 and compare those, we are in a same level. And remembering that there was this 4m negative impact in Q2 coming from the shutdown of this factory. And we don't see any improvement in EBIT margin. So is this all actually coming from the weak dollar and then the low operational leverage in the U.S.?

Mikael Makinen - *Cargotec Corporation - President and CEO*

It's -- I would say that this is -- of course, you are totally right that we had the closure of the Dutch factory in Q2 and in Q3. You must say -- we must say that we are now at the lowest level of the U.S. market. And we also have -- we have laid off people in the U.S. and so on. And so I would say that now we are back to a normal level where we can improve it further.

Kari, you had something in addition?

Kari Heinisto - *Cargotec Corporation - CFO*

Yes. I think the analysis given by CEO earlier here on the Hiab U.S. market, actually, is the explanation. The orders went down quarter two, meaning that when the lead time is about [two to] three months, so you actually see the real lack of sales on quarter three. So it was not actually operational leverage, it more was sales in U.S.A.

Jan Brannback - *ABN Amro - Analyst*

[Jan Brannback] from ABN Amro. You mentioned the staff cuts in Hiab in the U.S. Could you quantify how many people and are you looking at cutting capacity or staff further?

Mikael Makinen - *Cargotec Corporation - President and CEO*

We have not announced the number of people as far as I remember, no.

Eeva Makela - *Cargotec Corporation - Senior VP, IR and Communications*

In order to [review] you can see the personnel by region and you can actually see the percentage in U.S. going down significantly. But it's not breaking by business area.

Mikael Makinen - *Cargotec Corporation - President and CEO*

But for U.S. it's exactly the business area is Hiab. So we have cut down the workforce but kept, as I have said in my part of the text, that we have kept the sales-related people because we strongly believe that U.S. will come back one day. And we have a very strong market position which we want to defend there.

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Eeva Makela - Cargotec Corporation - Senior VP, IR and Communications

Are there any final questions?

Erkki Vesola - eQ Bank - Analyst

Erkki Vesola, eQ. Talking about Kalmar, the division has shown pretty decent order intake growth numbers in recent quarters. And there's been talk about increased congestion in terminal ports, or container ports all over the world. Do you see upside in the order intake growth at Kalmar going towards 2008?

Mikael Makinen - Cargotec Corporation - President and CEO

It's always a long process when you have congestion in a harbor. It's usually congestion in a harbor, but also the roads getting out of the harbor. So it's not so that you just put some extra equipment in the harbor and it's solved, but it's an infrastructure question as well.

But answering your question, yes, we see quite a number of ports thinking about automation, increasing the efficiency. I think that's the recent development. You can see that there is very interesting new projects coming up in -- all over the world.

Eeva Makela - Cargotec Corporation - Senior VP, IR and Communications

Okay, ladies and gentlemen, if there are no further questions, thank you for your participation. Thank you for our conference call listeners.

Mikael Makinen - Cargotec Corporation - President and CEO

Thank you very much.

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