Cargotec's interim report
January-March 2017

STRONG START FOR 2017 IN HIAB

CARGOTEC

Cargotec's January–March 2017 interim report: Strong start for 2017 in Hiab

- **Kalmar's profitability improved**
- **Record high orders received and operating profit margin in Hiab**
- **MacGregor's operating profit remained positive due to cost savings**

January–March 2017 in brief: Share of software and services increased

- Orders received decreased 5 percent and totalled EUR 857 (903) million.
- Order book amounted to EUR 1,834 (31 Dec 2016: 1,783) million at the end of the period.
- Sales declined 4 percent and totalled EUR 793 (828) million.
- Service sales totalled EUR 215 (211) million, representing 27 (25) percent of consolidated sales.
- Software sales increased 28% and totalled EUR 35 (28) million.
- Operating profit excluding restructuring costs was EUR 59.2 (58.5) million, representing 7.5 (7.1) percent of sales.
- Operating profit was EUR 56.3 (57.7) million, representing 7.1 (7.0) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 12.5 (90.8) million.
- Net income for the period amounted to EUR 36.5 (39.1) million.
- Earnings per share was EUR 0.57 (0.61).

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	**Q1/17**	Q1/16	Change	2016
Orders received	**857**	903	-5%	3,283
Service orders received	**226**	227	0%	889
Order book, end of period	**1,834**	2,095	-12%	1,783
Sales	**793**	828	-4%	3,514
Service sales	**215**	211	2%	872
Software sales*	**35**	28	28%	148
Service and software sales, % of Cargotec's sales	**32**	29		29
Operating profit**	**59.2**	58.5	1%	250.2
Operating profit, %**	**7.5**	7.1		7.1
Operating profit	**56.3**	57.7	-2%	197.7
Operating profit, %	**7.1**	7.0		5.6
Income before taxes	**47.9**	50.9	-6%	169.1
Cash flow from operations	**12.5**	90.8	-86%	373.0
Net income for the period	**36.5**	39.1	-7%	125.3
Earnings per share, EUR	**0.57**	0.61	-6%	1.95
Net debt, end of period	**631**	603	5%	503
Gearing, %	**45.4**	45.3		36.0
Net debt / EBITDA	**2.2**	2.1		1.8
Return on capital employed (ROCE, annualised), %	**9.5**	10.8		8.8
Personnel, end of period	**11,055**	11,203	-1%	11,184

*Software sales includes Navis business unit and automation software
**Excluding restructuring costs

Cargotec's CEO Mika Vehviläinen: Record-high quarter in Hiab

The year 2017 started with a strong note, particularly at Hiab, where the orders received and the operating profit margin reached an all-time high. Kalmar's development as a whole was at a satisfactory level. Its profitability improved and demand was healthy especially in mobile equipment. As in 2016, MacGregor's market situation continued to be challenging. However, we are pleased that we managed to keep MacGregor profitable, and that its orders received increased compared to the last quarter of 2016.

By 2020, our goal is to increase the share of services and software to 40 percent of Cargotec's sales. Service sales grew at Hiab and Kalmar but decreased at MacGregor as a result of the difficult market situation. Our software business developed positively in the first quarter, which reflects our efforts over the past few years. During the first quarter, already as much as 32 percent of our sales came from services and software.

We see many possibilities to improve the performance of the cargo handling value chain. With our solutions, know-how and expertise we want to help our customers make their operations more efficient. We are proceeding well towards our target to be the leader in intelligent cargo handling.

Reporting segments' key figures

Orders received

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**448**	454	-1%	1,721
Hiab	**288**	275	5%	1,016
MacGregor	**121**	173	-30%	546
Internal orders received	**0**	0		-1
Total	**857**	903	-5%	3,283

Order book

MEUR	**31 Mar 2017**	31 Dec 2016	Change
Kalmar	**977**	900	9%
Hiab	**302**	286	6%
MacGregor	**556**	598	-7%
Internal order book	**-1**	-1	
Total	**1,834**	1,783	3%

Sales

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**364**	367	-1%	1,700
Hiab	**270**	246	10%	1,036
MacGregor	**160**	216	-26%	778
Internal sales	**0**	0		-1
Total	**793**	828	-4%	3,514

Operating profit excluding restructuring costs

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**27.9**	25.6	9%	135.3
Hiab	**39.6**	32.4	22%	140.0
MacGregor	**2.4**	9.2	-74%	17.9
Corporate administration and support functions	**-10.7**	-8.7		-42.9
Total	**59.2**	58.5	1%	250.2

Operating profit

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**26.6**	25.2	6%	115.6
Hiab	**39.5**	32.2	23%	138.8
MacGregor	**1.8**	9.0	-80%	-13.7
Corporate administration and support functions	**-11.7**	-8.7		-42.9
Total	**56.3**	57.7	-2%	197.7

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 11.00 a.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 10.00 a.m. EEST.

The telephone conference, during which questions may be presented, can be accessed using the following numbers with access code Cargotec/7125297:

FI: +358 9 7479 0404
SE: +46 8 5065 3942
UK: +44 330 336 9411
US: +1 719 457 2086

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.

For further information, please contact:

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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 January–March 2017 interim report

Operating environment

The number of containers handled at ports globally is estimated to have grown by 2.6 percent during the first quarter of 2017 (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 container handling equipment and services was at last year's level.

The demand for Hiab's load handling equipment was supported in the United States by the construction activity, which remained at a good level during the first quarter. In Europe, the construction market continued to grow, but activity levels varied between countries. The demand for services improved from last year.

Ship contracting improved slightly during the first quarter of 2017 compared to the first quarter 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 improved also in the offshore sector compared to the comparison period, but remained at a very low level. The demand for services increased slightly compared to last year.

Financial performance

Orders received and order book

Orders received by reporting segment

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**448**	454	-1%	1,721
Hiab	**288**	275	5%	1,016
MacGregor	**121**	173	-30%	546
Internal orders	**0**	0		-1
Total	**857**	903	-5%	3,283

Orders received by reporting segment, comparable foreign exchange rates*

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**440**	454	-3%	1,721
Hiab	**285**	275	4%	1,016
MacGregor	**120**	173	-31%	546
Internal orders	**0**	0		-1
Total	**845**	903	-6%	3,283

*Indicative. 2017 figures are calculated assuming that the foreign exchange rates would have remained at the comparison period's (Q1/16) level.

Orders received during the first quarter decreased five percent from the comparison period and totalled EUR 857 (903) million. Compared to the comparison period, currency rate changes had a one percentage point positive impact on orders received. Orders received grew in Hiab, were at the comparison period's level in Kalmar, and decreased in MacGregor. Service orders received totalled EUR 226 (227) million. 52 percent of the first quarter orders were received by Kalmar, 34 percent by Hiab and 14 percent by MacGregor.

Order book by reporting segment

MEUR	**31 Mar 2017**	31 Dec 2016	Change
Kalmar	**977**	900	9%
Hiab	**302**	286	6%
MacGregor	**556**	598	-7%
Internal order book	**-1**	-1	
Total	**1,834**	1,783	3%

The order book grew three percent from the 2016 year-end level, and at the end of the first quarter it totalled EUR 1,834 (31 Dec 2016: 1,783) million. Kalmar's order book totalled EUR 977 (900) million, representing 53 (50) percent, Hiab's EUR 302 (286) million or 17 (16) percent and that of MacGregor EUR 556 (598) million or 30 (34) percent of the consolidated order book.

Orders received by geographical area

MEUR	**Q1/17**	Q1/16	Change	2016
EMEA	**403**	444	-9%	1,537
Asia-Pacific	**159**	195	-18%	761
Americas	**294**	264	11%	985
Total	**857**	903	-5%	3,283

In geographical terms, the share of orders received decreased to 47 (49) percent in EMEA and to 19 (22) percent in Asia-Pacific. The Americas' share of all orders was 34 (29) percent.

Sales

Sales by reporting segment

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**364**	367	-1%	1,700
Hiab	**270**	246	10%	1,036
MacGregor	**160**	216	-26%	778
Internal sales	**0**	0		-1
Total	**793**	828	-4%	3,514

Sales by reporting segment, comparable foreign exchange rates*

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**359**	367	-2%	1,700
Hiab	**268**	246	9%	1,036
MacGregor	**158**	216	-27%	778
Internal sales	**0**	0		-1
Total	**785**	828	-5 %	3,514

*Indicative. 2017 figures are calculated assuming that the foreign exchange rates would have remained at the comparison period's (Q1/16) level.

First quarter sales declined four percent from the comparison period, to EUR 793 (828) million. Compared to the comparison period, currency rate changes had a one percentage point positive impact on sales. Sales grew from the comparison period in Hiab, were at last year's level in Kalmar and declined in MacGregor. In MacGregor, the continued challenging market situation burdened sales. Sales in services increased two percent from the comparison period and totalled EUR 215 (211) million, representing 27 (25) percent of consolidated sales.

Sales by geographical area

MEUR	**Q1/17**	Q1/16	Change	2016
EMEA	**333**	321	4%	1,482
Asia-Pacific	**197**	236	-16%	952
Americas	**263**	271	-3%	1,079
Total	**793**	828	-4%	3,514

In geographic terms, sales grew in EMEA, but declined in the Americas and Asia-Pacific. EMEA's share of consolidated sales was 42 (39) percent, the Americas' 33 (33) percent and Asia-Pacific's 25 (28) percent.

Financial result

Operating profit by reporting segment

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**26.6**	25.2	6%	115.6
Hiab	**39.5**	32.2	23%	138.8
MacGregor	**1.8**	9.0	-80%	-13.7
Corporate administration and support functions	**-11.7**	-8.7		-42.9
Total	**56.3**	57.7	-2%	197.7

Operating profit for the first quarter totalled EUR 56.3 (57.7) million. Operating profit includes EUR 2.9 (0.8) million in restructuring costs. EUR 1.2 (0.4) million of the restructuring costs were related to Kalmar, EUR 0.0 (0.2) million to Hiab, EUR 0.6 (0.2) million to MacGregor and EUR 1.0 (0.0) million to corporate administration and support functions.

Operating profit excluding restructuring costs by reporting segment

MEUR	**Q1/17**	Q1/16	Change	2016
Kalmar	**27.9**	25.6	9%	135.3
Hiab	**39.6**	32.4	22%	140.0
MacGregor	**2.4**	9.2	-74%	17.9
Corporate administration and support functions	**-10.7**	-8.7		-42.9
Yhteensä	**59.2**	58.5	1%	250.2

Operating profit for the first quarter, excluding restructuring costs, was EUR 59.2 (58.5) million, representing 7.5 (7.1) percent of sales. Excluding restructuring costs, operating profit for Kalmar amounted to EUR 27.9 (25.6) million, Hiab EUR 39.6 (32.4) million, and MacGregor EUR 2.4 (9.2) million. Hiab's profitability improvement was driven by higher volumes and new products. Kalmar's profitability improved due to a more favourable sales mix, renewed products and more efficient project management. 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.

Net financing expenses and net income

Net interest expenses for interest-bearing debt and assets for the first quarter totalled EUR 3.5 (4.3) million. Net financing expenses totalled EUR 8.3 (6.8) million.

Net income for the first quarter totalled EUR 36.5 (39.1) million, and earnings per share EUR 0.57 (0.61).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 3,728 (31 Dec 2016: 3,736) million at the end of the first quarter. Equity attributable to equity holders was EUR 1,386 (1,395) million, representing EUR 21.48 (21.65) per share. Property, plant and equipment on the balance sheet amounted to EUR 309 (309) million and intangible assets were EUR 1,308 (1,315) million.

Return on equity (ROE, annualised) in January–March was 10.5 (11.7) percent, and return on capital employed (ROCE, annualised) decreased to 9.5 (10.8) percent. Cargotec's financial target is to reach 15 percent return on capital employed.

Cash flow from operating activities in the first quarter, before financial items and taxes, totalled EUR 12.5 (90.8) million. Cash flow was burdened by lower advance payments as well as working capital needs in growing product areas. At the end of the quarter, net working capital increased to EUR 132 million from the 2016 year-end level of EUR 57 million.

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. At the end of the first quarter, interest-bearing net debt totalled EUR 631 (31 Dec 2016: 503) million. Interest-bearing debt amounted to EUR 929 (782) million, of which EUR 41 (142) million was current and EUR 889 (640) million non-current debt. On 31 March 2017, the average interest rate on the loan portfolio was 1.8 (2.2) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 299 (31 Dec 2016: 278) million.

At the end of the first quarter, Cargotec's total equity/total assets ratio was 38.7 (31 Dec 2016: 39.1) percent. Gearing was 45.4 (36.0) percent.

Corporate topics

Research and development

Research and product development expenditure in the first quarter totalled EUR 22.3 (21.6) million, representing 2.8 (2.6) percent of sales. EUR 0.1 (0.8) 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.

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 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.

MacGregor

In February, 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.

Capital expenditure

Capital expenditure in the first quarter, excluding acquisitions and customer financing, totalled EUR 10.1 (6.8) million. Investments in customer financing were EUR 8.0 (7.6) million. Of the capital expenditure, EUR 1.8 (2.2) 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 17.7 (17.9) 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 the first quarter of 2017.

Operational restructurings

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 5 million savings from the programme in the first quarter 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, invests in new, state of the art premises in Sweden and transforms 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.

The above measures will result in cost savings of approximately EUR 27 million in 2017 and totalling EUR 40 million in 2018 for Cargotec, compared to the cost level of 2016.

Personnel

Cargotec employed 11,055 (31 Dec 2016: 11,184) people at the end of the first quarter. Kalmar employed 5,656 (5,702) people, Hiab 3,099 (2,997), MacGregor 2,064 (2,256), and corporate administration and support functions 236 (230). The average number of employees in January-March was 11,043 (11,193).

At the end of the first quarter, 11 (31 Dec 2016: 11) percent of the employees were located in Sweden, 9 (9) percent in Finland, and 41 (40) percent in the rest of Europe. Asia-Pacific personnel represented 23 (24) percent, North and South America 14 (14) percent, and the rest of the world 2 (2) percent of total employees.

Corporate responsibility

Cargo handling industry is increasingly facing the global challenges of preventing the climate change, ensuring more sustainable future, and increasing importance of safety. Our customers are requesting more eco-efficient and safe solutions to ensure regulative compliance and operating efficiency.

Cargotec has introduced its offering for eco-efficiency during the first quarter of 2017. The offering highlights the possibilities that Cargotec has to drive environmental efficiency and sustainable cargo handling globally. The offering includes solutions, which enable eco-efficiency and solutions have been gathered into the four categories on the basis of the benefits they enable:

1) Systems efficiency
2) Efficiency for environmental industries
3) Emission efficiency
4) Resource efficiency

Each category has clear criteria, which its products need to fulfil. Eco-efficient products create competitive advantage for Cargotec, and support Cargotec’s growth possibilities in the future.

Executive Board

On 31 March 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	**Q1/17**	Q1/16	Change	2016
Orders received	**448**	454	-1%	1,721
Order book, end of period	**977**	973	0%	900
Sales	**364**	367	-1%	1,700
Service sales	**107**	105	3%	436
% of sales	**29**	29		26
Operating profit	**26.6**	25.2	6%	115.6
% of sales	**7.3**	6.9		6.8
Operating profit*	**27.9**	25.6	9%	135.3
% of sales*	**7.7**	7.0		8.0
Personnel, end of period	**5,656**	5,535	2%	5,702

*excluding restructuring costs

In the first quarter, the orders received by Kalmar were at the comparison period's level and totalled EUR 448 (454) million. The orders received grew in mobile equipment, Bromma, and Navis.

Major orders received by Kalmar in January–March included:
- a total of 708 terminal tractors in the Americas region,
- eight hybrid straddle carriers to DP World in Belgium,
- eleven diesel-electric straddle carriers to HHLA in Germany, as well as
- nine electric straddle carriers at MPET in Belgium.

Kalmar's order book grew nine percent from the 2016 year-end, and at the end of the first quarter it totalled EUR 977 (31 Dec 2016: 900) million.

Kalmar's first quarter sales were at the comparison period's level and totalled EUR 364 (367) million. Sales for services were at the comparison period's level, EUR 107 (105) million, representing 29 (29) percent of sales.

Kalmar's first quarter operating profit totalled EUR 26.6 (25.2) million. Operating profit includes EUR 1.2 (0.4) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 27.9 (25.6) million, representing 7.7 (7.0) percent of sales. Kalmar's profitability improved due to a more favourable sales mix, renewed products and more efficient project management.

Hiab

MEUR	**Q1/17**	Q1/16	Change	2016
Orders received	**288**	275	5%	1,016
Order book, end of period	**302**	328	-8%	286
Sales	**270**	246	10%	1,036
Service sales	**61**	57	7%	233
% of sales	**22**	23		22
Operating profit	**39.5**	32.2	23%	138.8
% of sales	**14.6**	13.1		13.4
Operating profit*	**39.6**	32.4	22%	140.0
% of sales*	**14.6**	13.2		13.5
Personnel, end of period	**3,099**	2,981	4%	2,997

*excluding restructuring costs

Hiab's orders received for the first quarter increased five percent from the comparison period and totalled EUR 288 (275) million. Orders received increased in tail lifts, loader cranes, services and demountables. During the first quarter Hiab received an order for more than 100 HIAB loader cranes from China. It was also agreed that Hiab would deliver 69 MULTILIFT hooklifts and seven HIAB loader cranes for Scania Finland. The order is part of the Finnish Defence Forces' equipment renewal programme. Otherwise the orders were relatively small individual ones, typical for Hiab business. The order book grew six percent from 2016 year-end, totalling EUR 302 (31 Dec 2016: 286) million at the end of the first quarter.

Hiab's first quarter sales grew 10 percent from the comparison period and totalled EUR 270 (246) million. Sales for services amounted to EUR 61 (57) million, representing 22 (23) percent of sales.

Operating profit for Hiab in the first quarter clearly improved from the comparison period and totalled EUR 39.5 (32.2) million. Operating profit includes EUR 0.0 (0.2) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 39.6 (32.4) million, representing 14.6 (13.2) percent of sales. Hiab's profitability improvement was driven by higher volumes and new products.

MacGregor

MEUR	**Q1/17**	Q1/16	Change	2016
Orders received	**121**	173	-30%	546
Order book, end of period	**556**	795	-30%	598
Sales	**160**	216	-26%	778
Service sales	**47**	50	-6%	204
% of sales	**30**	23		26
Operating profit	**1.8**	9.0	-80%	-13.7
% of sales	**1.1**	4.2		-1.8
Operating profit*	**2.4**	9.2	-74%	17.9
% of sales*	**1.5**	4.2		2.3
Personnel, end of period	**2,064**	2,478	-17%	2,256

*excluding restructuring costs

MacGregor's orders received in the first quarter declined 30 percent from the comparison period to EUR 121 (173) million. Around 70 percent of the orders received were related to merchant ships and around 30 percent were offshore vessel-related. Orders received decreased in EMEA and APAC and increased from low levels in Americas.

Major orders received by MacGregor in January–March included:

- Triplex cranes and deck handling equipment for two anchor handling tug supply vessels to Brazil,
- ro-ro access equipment for dual-fuel ferry in Spain, as well as
- hatch covers for three bulk carriers in Japan.

MacGregor's order book decreased seven percent from the 2016 year-end, totalling EUR 556 (31 Dec 2016: 598) million at the end of the first quarter. Around three quarters of the order book is merchant ship-related and one quarter is offshore vessel-related.

MacGregor's first quarter sales declined 26 percent from the comparison period to EUR 160 (216) million. Sales were burdened by the challenging market situation. The share of services sales was 30 (23) percent, or EUR 47 (50) million.

MacGregor's operating profit for the first quarter totalled EUR 1.8 (9.0) million. Operating profit includes EUR 0.6 (0.2) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 2.4 (9.2) million, representing 1.5 (4.2) 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. 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. Altogether, no more than 6,400,000 shares in the company may be purchased, of which no more than 952,000 are class A shares and 5,448,000 are class B shares. This authorisation shall remain in effect for a period of 18 months from the resolution by the general meeting and it will supersede the previous authorisation.

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 meeting decided a yearly remuneration of EUR 85,000 be paid to the Chairman of the Board, EUR 60,000 to the Vice Chairman, EUR 60,000 to the Chairman of the Audit and Risk Management Committee and EUR 45,000 to the other Board members. In addition, members are paid EUR 1,000 for attendance at board and committee meetings. 30 percent of the yearly remuneration will be paid in Cargotec's class B shares and the rest in cash, and Cargotec will cover the transfer taxes related to the Board remuneration paid in shares.

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.

Organisation of the Board of Directors

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.

Ilkka Herlin, Kaisa Olkkonen and Teuvo Salminen (Chairman) were elected as members of the Audit and Risk Management Committee. Jorma Eloranta, Tapio Hakakari, Ilkka Herlin (Chairman) and Peter Immonen were elected to the Nomination and Compensation Committee.

The Board of Directors decided to continue the practice that the members are to keep the Cargotec shares they have obtained as remuneration under their ownership for at least two years from the day they obtained them.

Outi Aaltonen, Senior Vice President, General Counsel, will continue as Secretary to the Board.

Shares and trading

Share capital, own shares and share issue

Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of March. 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 on March 2014, 28,030 class B shares on March 2015 and 27,601 class B shares on 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 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 March, 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 March, the total market value of class B shares was EUR 2,551 (1,564) 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 2,991 (1,837) million, excluding own shares held by the company.

The class B share closed at EUR 46.40 (28.39) on the last trading day of March on Nasdaq Helsinki. The volume-weighted average share price for the reporting period was EUR 45.26 (28.83), the highest quotation being EUR 48.78 (33.96) and the lowest EUR 40.26 (24.30). During the period, a total of 10 (14) million class B shares were traded on Nasdaq Helsinki, corresponding to a turnover of EUR 445 (410) million. In addition, according to Fidessa, a total of 13 (23) million class B shares were traded in several alternative marketplaces, such as XOFF and BATS CXE, corresponding to a turnover of EUR 576 (659) 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. The general uncertainty related to economic development is still expected to continue, and changes in the political leadership of economically significant countries may delay customers' investment decisions.

The slowdown in global economic growth has reduced growth in container traffic, and the consolidation of ship companies may change port volumes in the future. These factors may affect customer 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–June 2017 half year financial report, Thursday, 20 July 2017
January–September 2017 interim report, Friday, 27 October 2017

Helsinki, 25 April 2017
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Consolidated statement of income

MEUR	1–3/2017	1–3/2016	1–12/2016
Sales	**793.4**	**828.3**	**3,513.7**
Cost of goods sold	-588.3	-631.4	-2,674.0
Gross profit	**205.1**	**197.0**	**839.7**
Gross profit, %	*25.8*	*23.8*	*23.9*
Other operating income	10.4	10.0	38.1
Selling and marketing expenses	-56.8	-54.5	-221.1
Research and development expenses	-24.1	-22.1	-94.1
Administration expenses	-67.1	-62.5	-277.0
Restructuring costs	-2.9	-0.8	-52.5
Other operating expenses	-9.7	-12.1	-37.8
Costs and expenses	-150.1	-142.0	-644.4
Share of associated companies' and joint ventures' net income	1.2	2.7	2.5
Operating profit	**56.3**	**57.7**	**197.7**
Operating profit, %	*7.1*	*7.0*	*5.6*
Financing income and expenses	-8.3	-6.8	-28.6
Income before taxes	**47.9**	**50.9**	**169.1**
Income before taxes, %	*6.0*	*6.1*	*4.8*
Income taxes	-11.4	-11.7	-43.8
Net income for the period	**36.5**	**39.1**	**125.3**
Net income for the period, %	*4.6*	*4.7*	*3.6*
Net income for the period attributable to:			
Equity holders of the parent	36.7	39.2	126.0
Non-controlling interest	-0.2	0.0	-0.7
Total	**36.5**	**39.1**	**125.3**
Earnings per share for profit attributable to the equity holders of the parent:			
Basic earnings per share, EUR	0.57	0.61	1.95
Diluted earnings per share, EUR	0.57	0.61	1.94

Consolidated statement of comprehensive income

MEUR	**1–3/2017**	**1–3/2016**	**1–12/2016**
Net income for the period	36.5	39.1	125.3
Items that will not be reclassified to statement of income:			
Defined benefit plan acturial gains (+) / losses (-)	-0.1	0.9	-6.9
Taxes relating to items that will not be reclassified to statement of income	0.0	-0.2	1.5
Total	**-0.1**	**0.7**	**-5.4**
Items that may be reclassified subsequently to statement of income:			
Gains (+) / losses (-) on cash flow hedges	10.0	20.1	1.7
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	1.1	-0.2	1.4
Gains (+) / losses (-) on net investment hedges	-0.6	1.8	22.4
Translation differences	8.6	-17.0	-34.8
Taxes relating to items that may be reclassified subsequently to statement of income	-2.3	-4.8	1.0
Total	**16.8**	**0.0**	**-8.3**
Comprehensive income for the period	**53.3**	**39.9**	**111.6**
Comprehensive income for the period attributable to:			
Equity holders of the parent	53.5	39.9	112.2
Non-controlling interest	-0.2	-0.1	-0.7
Total	**53.3**	**39.9**	**111.6**

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

Consolidated balance sheet

ASSETS, MEUR	31 Mar 2017	31 Mar 2016	31 Dec 2016
Non-current assets			
Goodwill	1,024.8	1,018.0	1,024.5
Other intangible assets	282.8	282.8	290.2
Property, plant and equipment	309.3	304.3	308.6
Investments in associated companies and joint ventures	117.4	114.4	123.4
Available-for-sale investments	3.8	3.8	3.8
Loans receivable and other interest-bearing assets*	2.8	1.9	3.0
Deferred tax assets	189.8	173.7	185.0
Derivative assets	15.6	11.6	16.9
Other non-interest-bearing assets	7.8	6.3	7.9
Total non-current assets	**1,954.2**	**1,916.9**	**1,963.4**
Current assets			
Inventories	662.2	654.5	647.0
Loans receivable and other interest-bearing assets*	2.6	4.8	1.9
Income tax receivables	31.6	17.6	26.1
Derivative assets	15.5	48.0	45.8
Accounts receivable and other non-interest-bearing assets	768.6	718.6	778.9
Cash and cash equivalents*	293.4	161.8	273.2
Total current assets	**1,773.9**	**1,605.3**	**1,773.0**
Total assets	**3,728.1**	**3,522.2**	**3,736.3**

EQUITY AND LIABILITIES, MEUR	31 Mar 2017	31 Mar 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	45.4	32.5	37.3
Fair value reserves	-15.9	-11.4	-24.7
Reserve for invested non-restricted equity	69.0	76.1	69.0
Retained earnings	1,124.9	1,069.1	1,151.1
Total equity attributable to the equity holders of the parent	1,385.7	1,328.5	1,395.0
Non-controlling interest	4.0	2.4	2.2
Total equity	**1,389.6**	**1,330.9**	**1,397.2**
Non-current liabilities			
Interest-bearing liabilities*	904.3	655.4	656.8
Deferred tax liabilities	74.0	71.1	73.1
Pension obligations	82.6	73.0	81.4
Provisions	17.8	23.6	37.6
Other non-interest-bearing liabilities	55.4	44.6	49.4
Total non-current liabilities	**1,134.1**	**867.8**	**898.2**
Current liabilities			
Current portion of interest-bearing liabilities*	5.4	109.5	119.4
Other interest-bearing liabilities*	35.2	32.5	45.8
Provisions	115.0	72.7	112.8
Advances received	141.0	190.5	160.6
Income tax payables	11.7	20.7	32.0
Derivative liabilities	8.8	21.2	34.1
Accounts payable and other non-interest-bearing liabilities	887.3	876.4	936.2
Total current liabilities	**1,204.4**	**1,323.5**	**1,440.8**
Total equity and liabilities	**3,728.1**	**3,522.2**	**3,736.3**

*Included in interest-bearing net debt.

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

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						36.7	36.7	-0.2	36.5
Cash flow hedges				8.7			8.7		8.7
Net investment hedges			-0,6				-0.6		-0.6
Translation differences			8.6				8.6	0.0	8.6
Actuarial gains(+) / losses(-) from defined benefit plans						-0.1	-0.1		-0.1
Comprehensive income for the period*			**8.1**	**8.7**	**-**	**36.7**	**53.5**	**-0.2**	**53.3**
Profit distribution						-61.1	-61.1		-61.1
Share-based payments*						0.6	0.6		0.6
Transactions with owners of the company					**-**	**-60.5**	**-60.5**	**-**	**-60.5**
Transactions with non-controlling interests						-2.3	-2.3	1.9	-0.4
Equity on 31 Mar 2017	**64.3**	**98.0**	**45.4**	**-15.9**	**69.0**	**1,124.9**	**1,385.7**	**4.0**	**1,389.6**

*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						39.2	39.2	0.0	39.1
Cash flow hedges				15.2			15.2		15.2
Net investment hedges			1.8				1.8		1.8
Translation differences			-17.0				-17.0	0.0	-17.1
Actuarial gains(+) / losses(-) from defined benefit plans						0.7	0.7		0.7
Comprehensive income for the period*			**-15.2**	**15.2**	**-**	**39.9**	**39.9**	**-0.1**	**39.9**
Profit distribution						-51.6	-51.6		-51.6
Share-based payments*						0.8	0.8		0.8
Transactions with owners of the company					**-**	**-50.8**	**-50.8**	**0.0**	**-50.8**
Transactions with non-controlling interests							-	0.0	0.0
Equity on 31 March 2016	**64.3**	**98.0**	**32.5**	**-11.4**	**76.1**	**1,069.1**	**1,328.5**	**2.4**	**1,330.9**

*Net of tax

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

Consolidated condensed statement of cash flows

MEUR	1–3/2017	1–3/2016	1–12/2016
Net income for the period	36.5	39.1	125.3
Depreciation, amortisation and impairment	17.7	17.9	84.8
Other adjustments	21.0	18.6	72.5
Change in net working capital	-62.7	15.2	90.5
Cash flow from operations before financing items and taxes	**12.5**	**90.8**	**373.0**
Cash flow from financing items and taxes	-62.9	3.2	-59.5
Net cash flow from operating activities	**-50.4**	**94.0**	**313.5**
Acquisitions, net of cash acquired	-	-64.6	-66.8
Investments in associated companies and joint ventures	-4.7	-	-2.7
Cash flow from investing activities, other items	-15.2	-12.7	-61.9
Net cash flow from investing activities	**-19.9**	**-77.3**	**-131.5**
Proceeds from share subscriptions	-	-	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	-91.6	-0.2	-3.2
Proceeds from short-term borrowings	4.0	14.8	38.2
Repayments of short-term borrowings	-25.2	-36.1	-58.9
Profit distribution	-57.4	-	-52.8
Net cash flow from financing activities	**79.5**	**-21.5**	**-83.9**
Change in cash and cash equivalents	**9.1**	**-4.7**	**98.1**
Cash, cash equivalents and bank overdrafts at the beginning of period	260.8	164.9	164.9
Effect of exchange rate changes	9.7	-1.2	-2.2
Cash, cash equivalents and bank overdrafts at the end of period	**279.7**	**158.9**	**260.8**
Bank overdrafts at the end of period	13.7	2.8	12.4
Cash and cash equivalents at the end of period	**293.4**	**161.7**	**273.2**

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

Key figures

		1–3/2017	1–3/2016	1–12/2016
Equity / share	EUR	21.48	20.56	21.65
Interest-bearing net debt	MEUR	630.6	603.2	503.5
Total equity / total assets	%	38.7	39.9	39.1
Gearing	%	45.4	45.3	36.0
Interest-bearing net debt / EBITDA, rolling 12 months	x	2.2	2.1	1.8
Return on equity, annualised	%	10.5	11.7	9.1
Return on capital employed, annualised	%	9.5	10.8	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 interim review

1. General information

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

2. Accounting principles and new accounting standards

The interim review has been prepared according to IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2016 and comply with changes in IAS/IFRS standards effective from 1 January 2017. These changes had no material impact on the interim review. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

3. Segment information

Sales, MEUR	1–3/2017	1–3/2016	1–12/2016
Kalmar	364	367	1,700
Hiab	270	246	1,036
MacGregor	160	216	778
Internal sales	0	0	-1
Total	**793**	**828**	**3,514**

Sales by geographical area, MEUR	1–3/2017	1–3/2016	1–12/2016
EMEA	333	321	1,482
Asia-Pacific	197	236	952
Americas	263	271	1,079
Total	**793**	**828**	**3,514**

Sales by geographical area, %	1–3/2017	1–3/2016	1–12/2016
EMEA	42.0	38.8	42.2
Asia-Pacific	24.8	28.5	27.1
Americas	33.2	32.7	30.7
Total	**100.0**	**100.0**	**100.0**

Operating profit and EBITDA, MEUR	1–3/2017	1–3/2016	1–12/2016
Kalmar	26.6	25.2	115.6
Hiab	39.5	32.2	138.8
MacGregor	1.8	9.0	-13.7
Corporate administration and support functions	-11.7	-8.7	-42.9
Operating profit	**56.3**	**57.7**	**197.7**
Depreciation and amortisation	17.7	17.9	84.8
EBITDA	**73.9**	**75.5**	**282.5**

Operating profit, %	1–3/2017	1–3/2016	1–12/2016
Kalmar	7.3	6.9	6.8
Hiab	14.6	13.1	13.4
MacGregor	1.1	4.2	-1.8
Cargotec	7.1	7.0	5.6

Restructuring costs, MEUR	1–3/2017	1–3/2016	1–12/2016
Kalmar	-1.2	-0.4	-19.7
Hiab	0.0	-0.2	-1.2
MacGregor	-0.6	-0.2	-31.6
Corporate administration and support functions	-1.0	-	0.0
Total	**-2.9**	**-0.8**	**-52.5**

Operating profit excl. restructuring costs, MEUR	1–3/2017	1–3/2016	1–12/2016
Kalmar	27.9	25.6	135.3
Hiab	39.6	32.4	140.0
MacGregor	2.4	9.2	17.9
Corporate administration and support functions	-10.7	-8.7	-42.9
Total	**59.1**	**58.5**	**250.2**

Operating profit excl. restructuring costs, %	1–3/2017	1–3/2016	1–12/2016
Kalmar	7.7	7.0	8.0
Hiab	14.6	13.2	13.5
MacGregor	1.5	4.2	2.3
Cargotec	7.5	7.1	7.1

Orders received, MEUR	1–3/2017	1–3/2016	1–12/2016
Kalmar	448	454	1,721
Hiab	288	275	1,016
MacGregor	121	173	546
Internal orders received	0	0	-1
Total	**857**	**903**	**3,283**

Orders received by geographical area, MEUR	1–3/2017	1–3/2016	1–12/2016
EMEA	403	444	1,537
Asia-Pacific	159	195	761
Americas	294	264	985
Total	**857**	**903**	**3,283**

Orders received by geographical area, %	1–3/2017	1–3/2016	1–12/2016
EMEA	47.1	49.2	46.8
Asia-Pacific	18.5	21.6	23.2
Americas	34.4	29.3	30.0
Total	**100.0**	**100.0**	**100.0**

Order book, MEUR	31 Mar 2017	31 Mar 2016	31 Dec 2016
Kalmar	977	973	900
Hiab	302	328	286
MacGregor	556	795	598
Internal order book	-1	-1	-1
Total	**1,834**	**2,095**	**1,783**

Number of employees at the end of period	31 Mar 2017	31 Mar 2016	31 Dec 2016
Kalmar	5,656	5,535	5,702
Hiab	3,099	2,981	2,997
MacGregor	2,064	2,478	2,256
Corporate administration and support functions	236	210	230
Total	**11,055**	**11,203**	**11,184**

Average number of employees	1–3/2017	1–3/2016	1–12/2016
Kalmar	5,666	5,421	5,588
Hiab	3,052	2,927	2,995
MacGregor	2,093	2,434	2,390
Corporate administration and support functions	232	210	221
Total	**11,043**	**10,992**	**11,193**

4. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	1–3/2017	1–3/2016	1–12/2016
Intangible assets	1.8	2.2	10.5
Property, plant and equipment	16.3	12.2	70.0
Total	**18.1**	**14.4**	**80.5**

Depreciation, amortisation and impairment, MEUR	1–3/2017	1–3/2016	1–12/2016
Intangible assets	7.4	7.0	29.3
Buildings and land	1.6	2.0	15.1
Machinery & equipment	8.7	8.9	40.4
Total	**17.7**	**17.9**	**84.8**

5. Taxes in statement of income

MEUR	1–3/2017	1–3/2016	1–12/2016
Current year tax expense	16.6	9.5	53.0
Tax expense adjustments for previous years	-2.5	-0.1	-1.1
Current year deferred tax expense	-4.3	3.5	-10.9
Previous years' deferred tax expense	1.7	-1.1	2.9
Total	**11.4**	**11.7**	**43.8**

6. Interest-bearing net debt and liquidity

MEUR	31 Mar 2017	31 Mar 2016	31 Dec 2016
Interest-bearing liabilities*	944.9	797.4	821.9
Loans receivable and other interest-bearing assets	-5.4	-6.7	-5.0
Cash and cash equivalents	-293.4	-161.8	-273.2
Interest-bearing net debt on balance sheet	**646.1**	**629.0**	**543.7**
Foreign currency hedge of corporate bonds*	-15.5	-25.8	-40.2
Interest-bearing net debt	**630.6**	**603.2**	**503.5**
Equity	1,389.6	1,330.9	1,397.2
Gearing	**45.4%**	**45.3%**	**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	31 Mar 2017	31 Mar 2016	31 Dec 2016
Cash and cash equivalents	293.4	161.8	273.2
Committed long-term undrawn revolving credit facilities	300.0	300.0	300.0
Repayments of interest-bearing liabilities in following 12 months	-40.6	-142.0	-165.1
Total liquidity	**552.8**	**319.7**	**408.1**

7. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 31 Mar 2017	Negative fair value 31 Mar 2017	Net fair value 31 Mar 2017	Net fair value 31 Mar 2016	Net fair value 31 Dec 2016
Currency forward contracts	15.5	8.8	6.7	11.8	-11.8
Cash flow hedge accounting	3.6	0.6	3.0	10.1	-8.4
Net investment hedge accounting	0.6	-	0.6	-15.2	-12.2
Cross-currency and interest rate swaps	15.6	-	15.6	26.9	40.5
Total	**31.1**	**8.8**	**22.2**	**38.7**	**28.7**
Non-current portion:					
Cross-currency and interest rate swaps	15.6	-	15.6	11.6	16.9
Non-current portion	**15.6**	**-**	**15.6**	**11.6**	**16.9**
Current portion	**15.5**	**8.8**	**6.7**	**27.1**	**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	31 Mar 2017	31 Mar 2016	31 Dec 2016
Currency forward contracts	3,635.7	3,508.2	3,578.6
Cash flow hedge accounting	1,275.5	1,121.3	1,311.4
Net investment hedge accounting	567.6	586.5	566.4
Cross-currency and interest rate swaps	79.5	180.1	194.5
Total	**3,715.2**	**3,688.3**	**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	31 Mar 2017	31 Mar 2016	31 Dec 2016
Guarantees	0.2	-	0.2
Customer financing	19.3	15.7	20.6
Operating leases	188.7	163.6	194.9
Other contingent liabilities	2.3	4.7	2.4
Total	**210.5**	**184.0**	**218.1**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 401.1 (31 Mar 2016: 462.3 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	31 Mar 2017	31 Mar 2016	31 Dec 2016
Less than 1 year	34.2	31.3	34.9
1-5 years	82.2	69.8	85.1
Over 5 years	72.4	62.5	74.9
Total	**188.7**	**163.6**	**194.9**

The aggregate operating lease expenses totalled EUR 10.3 (1–3/2016: 9.9 and 1–12/2016: 39.5) million.

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

9. Acquisitions and disposals

Acquisitions and disposals 2017
Cargotec has had no acquisitions or disposals during 2017.

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 below 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 orderbook. 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	31 Mar 2017	31 Mar 2016	31 Dec 2016
SEK	9.532	9.225	9.553
USD	1.069	1.139	1.054

Average rate	1–3/2017	1–3/2016	1–12/2016
SEK	9.526	9.271	9.450
USD	1.065	1.102	1.102

Calculation of key figures

$$\text{Equity / share, EUR} = \frac{\text{Total equity attributable to the equity holders of the company}}{\text{Number of outstanding shares at the end of period}}$$

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

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

$$\text{Net interest-bearing debt / EBITDA (x)} = \frac{\text{Interest-bearing debt* - interest-bearing assets}}{\text{EBITDA (earnings before interests, taxes, depreciation and amortisation), rolling 12 months}}$$

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

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

$$\text{Basic earnings / share, EUR} = \frac{\text{Net income for the period attributable to the equity holders of the company}}{\text{Average number of outstanding shares during the period}}$$

$$\text{Diluted earnings / share, EUR} = \frac{\text{Net income for the period attributable to the equity holders of the company}}{\text{Average number of outstanding diluted shares during the period}}$$

*Including foreign currency hedge of corporate bonds.

Cargotec uses and presents additionally 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		**Q1/2017**	**Q4/2016**	**Q3/2016**	**Q2/2016**	**Q1/2016**
Orders received	MEUR	857	822	733	825	903
Order book	MEUR	1,834	1,783	1,874	2,033	2,095
Sales	MEUR	793	933	854	898	828
Operating profit	MEUR	56.3	21.3	56.2	62.6	57.7
Operating profit	%	7.1	2.3	6.6	7.0	7.0
Operating profit*	MEUR	59.2	61.0	65.9	64.8	58.5
Operating profit*	%	7.5	6.5	7.7	7.2	7.1
Basic earnings/share	EUR	0.57	0.20	0.52	0.63	0.61

Kalmar		**Q1/2017**	**Q4/2016**	**Q3/2016**	**Q2/2016**	**Q1/2016**
Orders received	MEUR	448	440	389	438	454
Order book	MEUR	977	900	922	1,005	973
Sales	MEUR	364	477	436	420	367
Operating profit*	MEUR	27.9	41.5	36.3	31.9	25.6
Operating profit*	%	7.7	8.7	8.3	7.6	7.0

Hiab		**Q1/2017**	**Q4/2016**	**Q3/2016**	**Q2/2016**	**Q1/2016**
Orders received	MEUR	288	282	220	239	275
Order book	MEUR	302	286	258	283	328
Sales	MEUR	270	257	250	283	246
Operating profit*	MEUR	39.6	32.9	33.0	41.7	32.4
Operating profit*	%	14.6	12.8	13.2	14.7	13.2

MacGregor		**Q1/2017**	**Q4/2016**	**Q3/2016**	**Q2/2016**	**Q1/2016**
Orders received	MEUR	121	100	124	149	173
Order book	MEUR	556	598	696	745	795
Sales	MEUR	160	199	169	196	216
Operating profit*	MEUR	2.4	0.5	2.8	5.3	9.2
Operating profit*	%	1.5	0.3	1.7	2.7	4.2

*Operating profit excluding restructuring costs