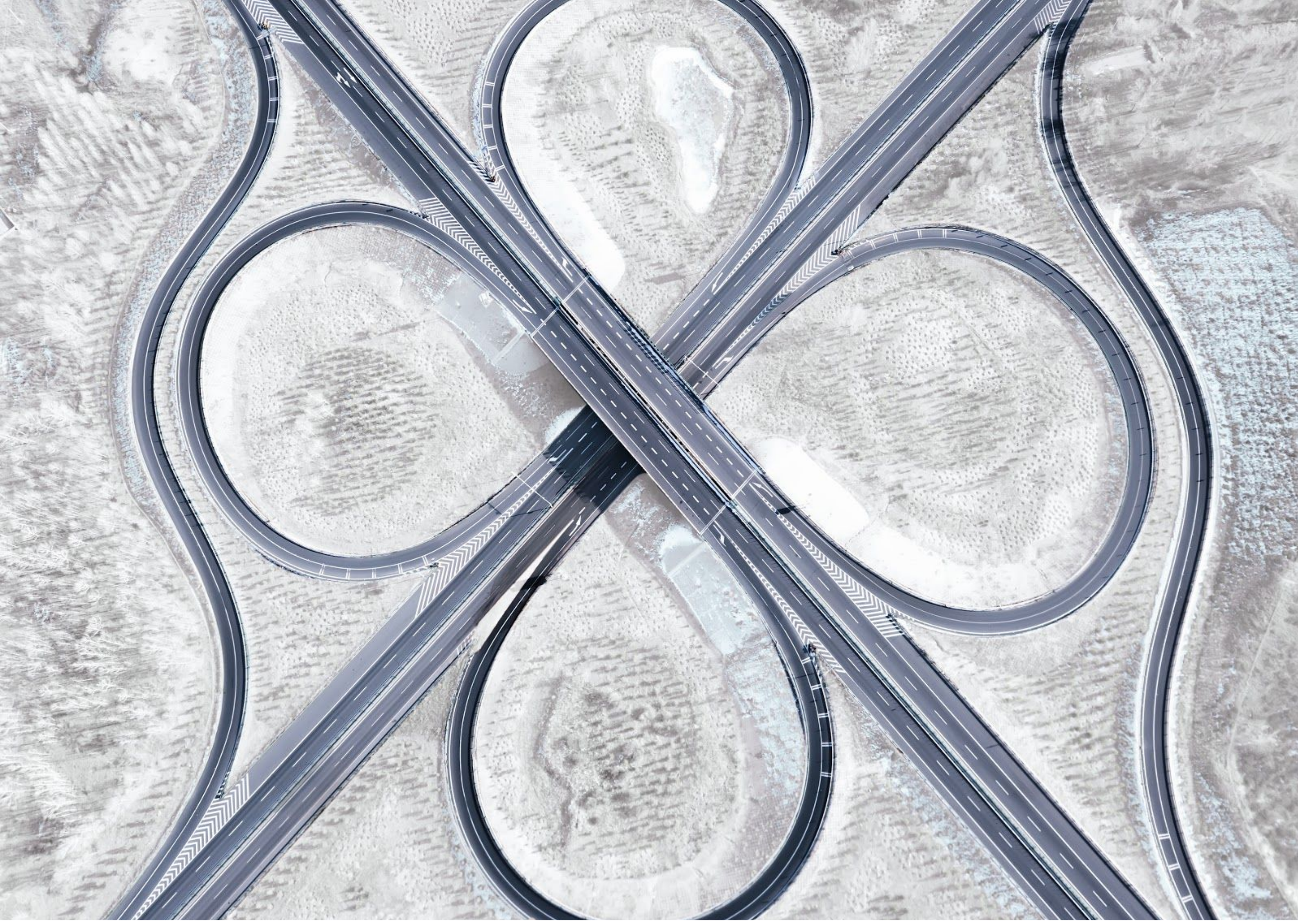

Cargotec's interim report January–March 2019

ORDERS RECEIVED INCREASED IN ALL BUSINESS AREAS

Cargotec's interim report January–March 2019: Orders received increased in all business areas

- Strong quarter in all key figures at Kalmar
- Good development in orders received continued at Hiab
- MacGregor's orders received increased

January–March 2019 in brief: Orders received and sales increased

- Orders received increased by 18 percent and totalled EUR 1,022 (863) million. Orders received grew in all business areas.
- Order book amounted to EUR 2,145 (31 Dec 2018: 1,995) million at the end of the period.
- Sales increased by 11 percent and totalled EUR 856 (773) million.
- Service sales increased by 5 percent and totalled EUR 249 (237) million.
- Service and software sales represented 33 (35) percent of consolidated sales.
- Operating profit was EUR 51.0 (53.2) million, representing 6.0 (6.9) percent of sales.
- Comparable operating profit remained at the comparison period's level and amounted to EUR 57.4 (57.5) million, representing 6.7 (7.4) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 31.0 (-3.7) million.
- Net income for the period amounted to EUR 31.0 (33.7) million.
- Earnings per share was EUR 0.48 (0.52).

Outlook for 2019

Cargotec reiterates its outlook published on 8 February 2019 and expects its comparable operating profit for 2019 to improve from 2018 (EUR 242.1 million).

Cargotec's key figures

Cargotec applies the new accounting standard IFRS 16, Leases, and the new interpretation IFRIC 23, Uncertainty over Income Tax Treatments, starting from 1 January 2019. More information on the new standards is available in Note 2, Accounting principles and new accounting standards. Cargotec has also refined the definition of service business for Hiab and MacGregor from the beginning of 2019. The figures related to service business have been restated for the comparison period 2018 accordingly. Cargotec has published a stock exchange release on 4 April 2019 regarding the changes.

MEUR	Q1/19	Q1/18	Change	2018
Orders received	1,022	863	18%	3,756
Service orders received	261	256	2%	1,031
Order book, end of period	2,145	1,684	27%	1,995
Sales	856	773	11%	3,304
Service sales	249	237	5%	980
Software sales*	38	32	18%	147
Service and software sales, % of Cargotec's sales	33%	35%		34%
Operating profit	51.0	53.2	-4%	190.0
Operating profit, %	6.0%	6.9%		5.8%
Comparable operating profit	57.4	57.5	0%	242.1
Comparable operating profit, %	6.7%	7.4%		7.3%
Income before taxes	42.8	46.4	-8%	161.1
Cash flow from operations before financing items and taxes	31.0	-3.7	> 100%	125.8
Net income for the period	31.0	33.7	-8%	108.0
Earnings per share, EUR	0.48	0.52	-8%	1.66
Interest-bearing net debt, end of period	877	575	53%	625
Gearing, %	63.0%	41.5%		43.8%
Interest-bearing net debt / EBITDA**	3.2	2.0		2.3
Return on capital employed (ROCE), last 12 months, %	7.8%	9.4%		8.0%
Personnel, end of period	12,194	11,498	6%	11,987

*Software sales include Navis business unit and automation software
**Last 12 months' EBITDA

Cargotec's CEO Mika Vehviläinen: Strong development in orders received continued

The demand for Cargotec's load handling solutions continued to be strong during the first quarter of 2019. Orders received grew in total by 18 percent compared to the comparison period, and the growth was evenly spread between all of our business areas. Sales developed favourably as well, increasing by 11 percent.

Our comparable operating profit remained at the comparison period's level. Kalmar's profitability improvement was driven by higher sales. The sales grew also in Hiab, but especially the challenges in the supply chain led to a decline in the comparable operating profit compared to the first quarter of 2018. We continued our efforts to solve these issues, and believe that Hiab's performance will improve during the second half of 2019. Despite the increase in MacGregor's orders received, the market situation remains difficult. Nevertheless, MacGregor's comparable operating profit remained positive.

The development in our service and software business was good during the first quarter. Service sales grew by five percent and software sales by 18 percent. During the quarter, we strengthened our software offering by acquiring the US-based Cetus Labs, Inc., which offers a cloud-based Octopi terminal operating system (TOS) for small container and mixed cargo terminals. With the addition of Octopi to its software portfolio, Navis is better positioned to support thousands of smaller terminals around the world that are eager to modernise their terminal operations, yet lack the technology infrastructure or technical expertise required to support a full-scale Navis N4 TOS deployment. Service and software sales constituted around one third of our sales. Our target is to increase the annual sales of our service and software business to 1.5 billion euros.

Reporting segments' key figures

Orders received

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	516	432	19%	1,919
Hiab	341	307	11%	1,259
MacGregor	165	124	33%	580
Internal orders	0	0		-1
Total	**1,022**	**863**	**18%**	**3,756**

Order book

MEUR	31 Mar 2018	31 Dec 2018	Change
Kalmar	1,127	1,012	11%
Hiab	483	453	7%
MacGregor	536	530	1%
Internal orders	-1	-1	
Total	**2,145**	**1,995**	**8%**

Sales

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	401	371	8%	1,618
Hiab	316	276	14%	1,149
MacGregor	139	126	10%	538
Internal sales	0	0		-2
Total	**856**	**773**	**11%**	**3,304**

Operating profit

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	31.2	27.9	12%	138.1
Hiab	33.4	36.1	-7%	133.8
MacGregor	-0.7	0.1	< -100%	-4.2
Corporate administration and support functions	-12.9	-10.9	-18%	-77.7
Total	**51.0**	**53.2**	**-4%**	**190.0**

Comparable operating profit

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	32.3	28.7	13%	143.6
Hiab	33.7	36.1	-7%	134.5
MacGregor	1.2	0.7	64%	-1.6
Corporate administration and support functions	-9.8	-8.0	-22%	-34.4
Total	**57.4**	**57.5**	**0%**	**242.1**

Press conference for analysts and media

A press conference for analysts and media, combined with a live international telephone conference, will be arranged on 25 April at 3.30 p.m. EEST at Cargotec's head office, Porkkalankatu 5, Helsinki. The event will be held in English. The report will be presented by CEO Mika Vehviläinen and Executive Vice President, CFO Mikko Puolakka. The presentation material will be available at www.cargotec.com by latest 3.00 p.m. EEST.

The telephone conference, during which questions may be presented, can be accessed with access code 558247 using the following numbers:

FI: +358 (0)9 7479 0360
SE: +46 (0)8 5033 6573
UK: +44 (0)330 336 9104
US: +1 323-701-0223

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:
Mikko Puolakka, Executive Vice President and CFO, tel. +358 20 777 4105
Hanna-Maria Heikkinen, Vice President, Investor Relations, tel. +358 20 777 4084

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 2018 totalled approximately EUR 3.3 billion and it employs around 12,000 people. www.cargotec.com

Cargotec’s January–March 2019 interim report

Operating environment

The number of containers handled at ports globally is estimated to have remained at the same level as in the first quarter of 2018 (Drewry). The demand for Kalmar’s mobile equipment and services improved compared to the comparison period. Customers consider their project and automation solutions carefully in relation to container throughput volumes, the utilisation rates of existing equipment base and the efficiency of automation technology. Customers’ investments were mostly targeted to smaller subprojects as well as improving the efficiency of the existing terminals instead of building new terminals.

The demand for Hiab’s load handling equipment in the first quarter was supported in the United States and Europe by the construction activity, which remained at a good level. The demand for services improved from the comparison period.

Merchant ship contracting improved slightly during the first quarter, but remained at a low level. Contracting in the offshore sector declined compared to the comparison period and remained clearly below historical levels. The demand for MacGregor’s services improved slightly in the merchant ship sector.

Financial performance

Orders received and order book

Orders received by reporting segment

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	516	432	19%	1,919
Hiab	341	307	11%	1,259
MacGregor	165	124	33%	580
Internal orders	0	0		-1
Total	**1,022**	**863**	**18%**	**3,756**

Orders received by reporting segment, comparable foreign exchange rates*

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	504	432	16%	1,919
Hiab	335	307	9%	1,259
MacGregor	165	124	34%	580
Internal orders	0	0		-1
Total	**1,004**	**863**	**16%**	**3,756**

*Indicative. 2019 figures are calculated assuming that the foreign exchange rates would have remained at the comparison period's level.

Orders received during the first quarter increased by 18 percent from the comparison period and totalled EUR 1,022 (863) million. Compared to the comparison period, currency rate changes had a two percentage point positive impact on orders received. 51 (50) percent of the orders were received by Kalmar, 33 (36) by Hiab and 16 (14) percent by MacGregor. Orders received grew in all business areas. Service orders received increased by two percent and totalled EUR 261 (256) million.

Order book by reporting segment

MEUR	31 Mar 2019	31 Dec 2018	Change
Kalmar	1,127	1,012	11%
Hiab	483	453	7%
MacGregor	536	530	1%
Internal order book	-1	-1	
Total	**2,145**	**1,995**	**8%**

The order book increased by eight percent from the end of 2018, and at the end of the first quarter it totalled EUR 2,145 (31 Dec 2018: 1,995) million. Kalmar's order book totalled EUR 1,127 (1,012) million, representing 53 (51) percent, Hiab's EUR 483 (453) million or 22 (23) percent and MacGregor's EUR 536 (530) million or 25 (26) percent of the consolidated order book.

Orders received by geographical area

MEUR	Q1/19	Q1/18	Change	2018
EMEA	501	403	24%	1,755
Americas	335	293	14%	1,245
Asia-Pacific	186	167	11%	757
Total	**1,022**	**863**	**18%**	**3,756**

In geographical terms, the share of orders received in the first quarter was 49 (47) percent in EMEA and 33 (34) percent in Americas. Asia-Pacific's share of orders received was 18 (19) percent.

Sales

Sales by reporting segment

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	401	371	8%	1,618
Hiab	316	276	14%	1,149
MacGregor	139	126	10%	538
Internal sales	0	0		-2
Total	**856**	**773**	**11%**	**3,304**

Sales by reporting segment, comparable foreign exchange rates*

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	392	371	6%	1,618
Hiab	310	276	12%	1,149
MacGregor	139	126	10%	538
Internal sales	0	0		-2
Total	**841**	**773**	**9%**	**3,304**

*Indicative. 2019 figures are calculated assuming that the foreign exchange rates would have remained at the comparison period's level.

First quarter 2019 sales increased by 11 percent from the comparison period to EUR 856 (773) million. Compared to the comparison period, currency rate changes had a two percentage point positive impact on sales. Sales increased in all business areas. Service sales increased by five percent from the comparison period and totalled EUR 249 (237) million, representing 29 (31) percent of consolidated sales. In comparable foreign exchange rates, service sales increased by four percent. Software sales increased by 18 percent and amounted to EUR 38 (32) million. In comparable foreign exchange rates, software sales increased by 13 percent. Service and software sales amounted to EUR 287 (269) million, representing 33 (35) percent of consolidated sales.

Sales by geographical area

MEUR	Q1/19	Q1/18	Change	2018
EMEA	396	362	9%	1,610
Americas	306	254	21%	1,039
Asia-Pacific	154	157	-2%	655
Total	**856**	**773**	**11%**	**3,304**

In geographical terms, sales increased in EMEA and Americas during the first quarter and decreased in Asia-Pacific. EMEA's share of consolidated sales was 46 (47) percent, Americas' 36 (33) percent and Asia-Pacific's 18 (20) percent.

Financial result

Operating profit by reporting segment

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	31.2	27.9	12%	138.1
Hiab	33.4	36.1	-7%	133.8
MacGregor	-0.7	0.1	< -100%	-4.2
Corporate administration and support functions	-12.9	-10.9	-18%	-77.7
Total	**51.0**	**53.2**	**-4%**	**190.0**

Operating profit for the first quarter totalled EUR 51.0 (53.2) million. The operating profit includes items affecting comparability worth EUR -6.3 (-4.3) million. EUR -1.1 (-0.8) million of the items were related to Kalmar, EUR -0.3 (0.0) million to Hiab, EUR -1.9 (-0.6) million to MacGregor and EUR -3.1 (-2.9) million to corporate administration and support functions.

Comparable operating profit by reporting segment

MEUR	Q1/19	Q1/18	Change	2018
Kalmar	32.3	28.7	13%	143.6
Hiab	33.7	36.1	-7%	134.5
MacGregor	1.2	0.7	64%	-1.6
Corporate administration and support functions	-9.8	-8.0	-22%	-34.4
Total	**57.4**	**57.5**	**0%**	**242.1**

Comparable operating profit for the first quarter was EUR 57.4 (57.5) million, representing 6.7 (7.4) percent of sales. Comparable operating profit for Kalmar amounted to EUR 32.3 (28.7) million, for Hiab EUR 33.7 (36.1) million, and for MacGregor EUR 1.2 (0.7) million. Kalmar's comparable operating profit increased due to higher sales. Hiab's operating profit declined especially due to additional costs related to the continued supply chain issues. MacGregor's comparable operating profit was supported by higher sales, but low capacity utilisation had a negative impact on profitability.

Net financing expenses and net income

Net interest expenses for interest-bearing debt and assets for the first quarter totalled EUR 5.2 (4.2) million. Net financing expenses totalled EUR 8.3 (6.8) million.

Net income for the first quarter totalled EUR 31.0 (33.7) million, and earnings per share EUR 0.48 (0.52).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 3,828 (31 Dec 2018: 3,684) million at the end of the first quarter. Equity attributable to the equity holders of the parent was EUR 1,388 (1,426) million, representing EUR 21.55 (22.16) per share. Property, plant and equipment on the balance sheet amounted to EUR 474 (309) million and intangible assets to EUR 1,272 (1,249) million.

Return on equity (ROE, last 12 months) was 7.6 (31 Mar 2018: 9.4) percent at the end of the first quarter, and return on capital employed (ROCE, last 12 months) was 7.8 (9.4) percent. Cargotec's financial target is to reach 15 percent return on capital employed in the next 2–4 years.

Cash flow from operating activities, before financial items and taxes, totalled EUR 31.0 (-3.7) million during the first quarter. Cash flow decreased, as more capital was tied up in inventories due to improved demand in certain product categories in Kalmar and Hiab as well as supply chain issues, and as accounts receivable were higher. At the end of the first quarter, net working capital increased to EUR 328 million from the level of EUR 271 million at the end of 2018.

Cargotec's liquidity position is healthy. Cash and cash equivalents and the undrawn long-term credit limits amounted to EUR 451 (31 Dec 2018: 556) million. In addition, Cargotec had access to a commercial paper programme as well as undrawn bank overdraft facilities totalling EUR 223 (31 Dec 2018: 249) million. At the end of the first quarter, interest-bearing net debt totalled EUR 877 (31 Dec 2018: 625) million. Interest-bearing net debt includes EUR 192 (19) million in lease liabilities. Interest-bearing debt amounted to EUR 1,065 (920) million, of which EUR 361 (203) million was current and EUR 704 (717) million non-current debt. The average interest rate of interest-bearing liabilities, excluding on-balance sheet lease liabilities, was 2.0 (2.4) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 188 (294) million.

At the end of the first quarter, Cargotec's total equity/total assets ratio was 38.4 (31 Dec 2018: 40.9) percent. Gearing was 63.0 (43.8) percent. Gearing increased especially due to the application of the IFRS 16 accounting standard.

Corporate topics

Research and development

Research and product development expenditure in January–March totalled EUR 24.1 (23.6) million, representing 2.8 (3.1) percent of sales. EUR 0.0 (0.1) million was capitalised. Research and development investments were focused on digitalisation as well as projects that aim to improve the competitiveness and cost efficiency of products.

Kalmar

In March, Navis organised the Navis World event in San Francisco, USA, where Navis and Kalmar customers, experts and partners discussed new innovations that are boosting productivity and operational efficiency in the maritime supply chain. Navis World is an essential event for the industry.

Last year Kalmar announced that it aims to provide its full offering as electrically powered versions by 2021. In February, Kalmar took a step further on that journey by announcing Cummins as the electrification solution provider for Kalmar's terminal tractor offering. Cummins will provide powertrain technology, including the batteries, for the Kalmar Electric Terminal Tractor (KT2E) that will be launched in 2020. Kalmar launched the electrically powered Kalmar Ottawa T2E Terminal Tractor in the United States in 2018.

Hiab

In March, EFFER promoted R.A.C.E (Remote Assistance Control EFFER), a function that is part of their electronic management system PROGRESS 2.0. R.A.C.E lets operators to monitor the state of the crane, and access operation data from connected devices, such as smartphones, tablets and PCs. When needed an EFFER service point can immediately provide remote assistance, which can save time and money for the customer.

EFFER announced the launch of two brand new light range crane models, 105 and 120. The improved, minimalist design of the new cranes provides an outstanding power-to-weight ratio.

January was the first month of full operations of MULTILIFT’s test area in Raisio, Finland, where Hiab will test trucks equipped with skiploaders and hooklifts. The area gives Hiab the opportunity to test equipment from a customer point of view in difficult weather conditions and terrain. The data gathered under the testing will enable us to improve our products and to come up with new solutions to customer problems.

In January, Hiab opened up a workshop in Longjumeau, south of Paris, which serves customers located around the French capital.

MacGregor

MacGregor completed the construction of a FibreTrac crane, the first fibre-rope offshore crane to enter the market. The crane’s full potential and capabilities were demonstrated at an event held in Kristiansand, Norway.

A Google Design Sprint was held during March to support the accelerated development of certain new digital offerings. Through a highly intensive process over a 7-day period, seven MacGregor and customer domain experts focused on the application and customisation of the ‘C-How’ simulation tool to provide an ability to predict and enable increased operational windows within an offshore oil & gas environment. The design sprint outcome was an interactive model that will be taken forward with customers for further validation in operation.

Together with Cargotec, Kalmar and Navis, MacGregor met the 14 most promising start-ups out of more than 600 that were pre-screened at Rainmaking’s Trade & Transport programme. The meeting took place in Hamburg, Germany in March. The programme connects world leading corporations and innovative startups to address the biggest challenges in maritime, cargo transport and logistics.

Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 12.3 (11.6) million in January–March. Investments in customer financing were EUR 12.9 (5.6) million. Of the capital expenditure, EUR 1.3 (2.4) million concerned intangible assets, such as global systems that in future will enable higher efficiency in operational activities as well as in support functions. Depreciation, amortisation and impairment amounted to EUR 28.0 (18.3) million.

Acquisitions and divestments in 2019

On 7 March 2019 Navis, part of Cargotec, acquired privately owned company Cetus Labs, Inc. in the US, a provider of a SaaS- and cloud-based terminal operating system (TOS) Octopi for small container and mixed cargo terminals. With the addition of Octopi to its software portfolio, Navis is better positioned to support thousands of smaller terminals around the world that are eager to modernise terminal operations, yet lack the technology infrastructure and technical expertise required to support a full-scale Navis N4 TOS deployment

On 8 February 2018, MacGregor entered into an agreement to acquire the major businesses from TTS Group, a global provider of cargo handling equipment and services for merchant and offshore ships, for an enterprise value of EUR 87 million. The combination of two highly complementary businesses will produce greater scale and diversification and will strengthen MacGregor's portfolio and market position in key markets for cargo and load handling equipment. Based on preliminary estimates, potential cost synergies are estimated to be around EUR 30–35 million on annual level and are expected to be reached within 3 years from closing. The sales of the business MacGregor aims to acquire totalled EUR 211 million in 2017 from which approximately 26 percent was related to service sales. During the fourth quarter of 2018, MacGregor announced that it had received approvals from the competitive authorities in Germany and South Korea, but is still waiting for the approval from the competition authority in China. MacGregor expects to close the transaction in the second quarter of 2019.

Operational restructurings

In May 2017, Cargotec announced it will target EUR 50 million savings by reducing indirect purchasing spend, streamlining processes and planning Cargotec Business Services operations. Cargotec targets annual cost savings of EUR 50 million from 2020 onwards. Approximately EUR 30 million of the savings will come from reductions in global indirect purchasing spend like logistics, external services and facilities. The remaining part of the savings will come from applying new technologies, like automation, in support processes and from the new Cargotec Business Services operations that has started its activities in Sofia, Bulgaria. In the first quarter of 2019, the realised savings from the programme amounted to around EUR 3 million and cumulatively since the beginning of the programme EUR 24 million. The estimated restructuring costs related to the programme are around EUR 16 million in 2019.

More information regarding restructuring costs and other items affecting comparability is available in Note 5, Comparable operating profit.

Personnel

Cargotec employed 12,194 (31 Dec 2018: 11,987) people at the end of the first quarter. Kalmar employed 5,709 (5,737) people, Hiab 4,101 (3,879), MacGregor 1,850 (1,879), and corporate administration and support functions 534 (492). The average number of employees in the first quarter was 12,153 (1–12/2018: 11,589).

At the end of March, 9 (31 Dec 2018: 9) percent of the employees were located in Sweden, 8 (8) percent in Finland, and 49 (48) percent in the rest of Europe. Asia-Pacific personnel represented 19 (20) percent, Americas 13 (13) percent, and the rest of the world 2 (2) percent of total employees.

Sustainability

During the first quarter, we started the implementation of our new environmental targets regarding chemical management and renewable energy. We also continued with our supplier sustainability programme and took several actions to improve our safety performance. Additionally, Cargotec's headquarters at Helsinki, Finland, received World Wildlife Fund's Green Office Certification. The aim is to expand that programme to other locations in Finland as well.

During the period, our eco-efficiency offering constituted 20 percent share of Cargotec's total sales. The Cargotec IIFR[1] at the end of the first quarter was 8.0. In assembly sites the IIFR was 6.0 and in non-assembly sites 9.1.

Executive Board

On 31 March 2019, 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; Soili Mäkinen, CIO as well as business area presidents Antti Kaunonen (Kalmar), Scott Phillips (Hiab), and Michel van Roozendaal (MacGregor). Outi Aaltonen, Senior Vice President, General Counsel, acts as Secretary to the Executive Board.

Cargotec announced on 7 March 2019, that to enhance Kalmar's growth opportunities, Cargotec reorganises it into three strategic business units (SBU); Kalmar Mobile Solutions, Kalmar Automation Solutions and Navis as of April 1, 2019. Cargotec's financial reporting structure based on three business areas Kalmar, Hiab and MacGregor, will remain unchanged. Stefan Lampa (born 1964) has been appointed President of Kalmar Mobile Solutions and a member of the Cargotec Executive Board. Antti Kaunonen, the previous President of Kalmar, has been appointed President of Kalmar Automation Solutions. He will continue as a member of the Executive Board. Benoit de la Tour will continue as the President of Navis.

[1] Industrial injury frequency rate: number of injuries per million hours worked, last 12 months

Reporting segments

Kalmar

MEUR	Q1/19	Q1/18	Change	2018
Orders received	516	432	19%	1,919
Order book, end of period	1,127	837	35%	1,012
Sales	401	371	8%	1,618
Service sales	110	110	0%	449
% of sales	27%	30%		28%
Software sales	38	32	18%	147
% of sales	9%	9%		9%
Operating profit	31.2	27.9	12%	138.1
% of sales	7.8%	7.5%		8.5%
Comparable operating profit	32.3	28.7	13%	143.6
% of sales	8.1%	7.7%		8.9%
Personnel, end of period	5,709	5,702	0%	5,737

In the first quarter, orders received by Kalmar increased by 19 percent and totalled EUR 516 (432) million. In comparable foreign exchange rates, orders received increased by 16 percent.

Major orders received by Kalmar in January–March included:

- Eight automated and four manual diesel-electric straddle carriers to leading Australian terminal operator Patrick Terminals,
- a total of 63 Kalmar Hybrid Straddle Carriers for use at DP World's four European container terminals,
- six Kalmar Zero Emission Rubber-tyred Gantry cranes (RTGs) to South Florida Container Terminal, LLC,
- 16 terminal tractors to Container Terminal Saint-Petersburg, as well as
- five heavy-duty forklift trucks and Kalmar Insight to VIX Logística in Brazil and five heavy-duty forklift trucks to steel-handling operations in Spain.

Kalmar's order book increased by 11 percent from the end of 2018, and at the end of the first quarter it totalled EUR 1,127 (31 Dec 2018: 1,012) million.

Kalmar's first quarter sales increased by eight percent and totalled EUR 401 (371) million. Service sales remained at the comparison period's level and totalled EUR 110 (110) million, representing 27 (30) percent of sales. In comparable foreign exchange rates and excluding the impact of divested and acquired businesses, service sales increased by five percent. Software sales increased by 18 percent and amounted to EUR 38 (32) million. In comparable foreign exchange rates, software sales increased by 13 percent.

Kalmar's first quarter operating profit totalled EUR 31.2 (27.9) million. Operating profit includes EUR -1.1 (-0.8) million in items affecting comparability. Comparable operating profit amounted to EUR 32.3 (28.7) million, representing 8.1 (7.7) percent of sales. Kalmar's comparable operating profit increased due to higher sales.

Hiab

MEUR	Q1/19	Q1/18	Change	2018
Orders received	341	307	11%	1,259
Order book, end of period	483	329	47%	453
Sales	316	276	14%	1,149
Service sales	83	75	11%	309
% of sales	26%	27%		27%
Operating profit	33.4	36.1	-7%	133.8
% of sales	10.6%	13.1%		11.6%
Comparable operating profit	33.7	36.1	-7%	134.5
% of sales	10.7%	13.1%		11.7%
Personnel, end of period	4,101	3,466	18%	3,879

Hiab's orders received for the first quarter increased by 11 percent from the comparison period and totalled EUR 341 (307) million. In comparable foreign exchange rates, orders received increased by 9 percent. Orders received increased in all market areas.

Orders received by Hiab in January–March included:

- In January, a US customer ordered 31 truck mounted forklifts for sod and landscaping deliveries,
- in February, another US customer ordered 28 truck mounted forklifts to use in building material logistics,
- Midland Corporation from Thailand ordered 130 loader cranes with accessories and later 20 additional loader cranes, as well as
- a UK customer ordered 52 loader cranes, predominantly from the heavy range.

Hiab's order book increased by seven percent compared to the end of 2018 and totalled EUR 483 (31 Dec 2018: 453) million at the end of the first quarter.

Hiab's first quarter sales increased by 14 percent and totalled EUR 316 (276) million. Sales increased in the EMEA region and the Americas. Service sales grew by 11 percent to EUR 83 (75) million, representing 26 (27) percent of sales.

Operating profit for Hiab in the first quarter decreased from the comparison period and totalled EUR 33.4 (36.1) million. Operating profit includes EUR -0.3 (0.0) million in items affecting comparability. Comparable operating profit amounted to EUR 33.7 (36.1) million, representing 10.7 (13.1) percent of sales. Hiab's operating profit declined especially due to additional costs related to the continued supply chain issues.

MacGregor

MEUR	Q1/19	Q1/18	Change	2018
Orders received	165	124	33%	580
Order book, end of period	536	519	3%	530
Sales	139	126	10%	538
Service sales	56	52	8%	222
% of sales	41%	41%		41%
Operating profit	-0.7	0.1	< -100%	-4.2
% of sales	-0.5%	0.1%		-0.8%
Comparable operating profit	1.2	0.7	64%	-1.6
% of sales	0.9%	0.6%		-0.3%
Personnel, end of period	1,850	1,947	-5%	1,879

MacGregor's orders received in the first quarter increased by 33 percent from the comparison period to EUR 165 (124) million. In comparable foreign exchange rates, orders received increased by 34 percent. Around 80 percent of the orders received were related to merchant ships and around 20 percent to the offshore sector. Orders received increased in all market areas.

Orders received by MacGregor in January–March included:

- Orders from Europe and Japan to provide linkspans, cruise access equipment and RoRo solutions for pure car truck carriers (PCTC). Total order value is approximately EUR 19 million.
- Orders to provide port, cruise access and equipment for RoRo/Passenger (RoPax) ferries from Europe and China were secured. Total order value is approximately EUR 22 million.
- An order from China National Offshore Oil Corporation (CNOOC) to supply the on-vessel mooring system for a deepwater Floating Production Unit (FPU). The semi-submersible production unit is intended for operation in a deepwater natural gas field in the western part of the South China Sea.
- An agreement was signed with Ocean Sourcing Pte Ltd to support MacGregor equipment installed on the Anglo Eastern Univan Group fleet of 650 managed vessels.

MacGregor's order book grew by one percent from the end of 2018, totalling EUR 536 (31 Dec 2018: 530) million at the end of the first quarter. Around three fourths of the order book is merchant ship-related and one fourth is offshore vessel-related.

MacGregor's first quarter sales increased by 10 percent from the comparison period to EUR 139 (126) million. Service sales grew by eight percent to EUR 56 (52) million, representing 41 (41) percent of sales.

MacGregor's operating profit for the fourth quarter totalled EUR -0.7 (0.1) million. Operating profit includes EUR -1.9 (-0.6) million in items affecting comparability. Comparable operating profit totalled EUR 1.2 (0.7) million, representing 0.9 (0.6) percent of sales. MacGregor's comparable operating profit was supported by higher sales, but low capacity utilisation had a negative impact on profitability.

Annual General Meeting and shares

Decisions taken at the Annual General Meeting

Cargotec Corporation’s Annual General Meeting (AGM), held on 19 March 2019, adopted the financial statements and the consolidated financial statements of the year 2018. 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 2018. The AGM approved a dividend of EUR 1.09 to be paid for each class A share and a dividend of EUR 1.10 to be paid for each class B share outstanding. The dividend was decided to be paid in two instalments, in March and October 2019. The first instalment was paid on 28 March 2019. The dividend record date and the payment date of the second instalment shall be confirmed by the Board of Directors in its meeting scheduled for 1 October 2019.

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. The authorisation shall remain in effect for a period of 18 months from the resolution by the general meeting and it will supersede the previous one. In addition, the AGM authorised the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act. The authorisation remains in effect for a period of five years following the date of decision of the general meeting and it will supersede the previous one.

The number of the Board members was confirmed at nine. Jorma Eloranta, Tapio Hakakari, Ilkka Herlin, Peter Immonen, Teresa Kemppi-Vasama, Johanna Lamminen, Kaisa Olkkonen, Teuvo Salminen and Heikki Soljama were re-elected to the Board of Directors. The AGM elected accounting firm PricewaterhouseCoopers Oy as auditor. The auditors' fees were decided to be paid according to their invoice reviewed by the company.

On 19 March 2019, Cargotec Corporation's Board of Directors elected by the Annual General Meeting elected at its organising meeting Ilkka Herlin to continue as Chairman of the Board. Tapio Hakakari was elected to continue as Vice Chairman. The Board also elected the Chairmen and the members for the Audit and Risk Committee as well as the Nomination and Compensation Committee.

Outi Aaltonen, Senior Vice President, General Counsel, will continue as Secretary to the Board. Cargotec published stock exchange releases on the decisions taken at the AGM as well as the Board of Directors’ organising meeting on 19 March 2019. The stock exchange releases and presentations of the members of the Board of Directors are available on Cargotec’s website at www.cargotec.com.

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 19 March 2019, the Board of Directors 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 launched in 2016, 2018 allocation of restricted shares programme 2016–2018 under the share-based incentive programme 2016 and performance period 2017–2018 of share-based incentive programme launched in 2017.

In the share issue, 115,275 own class B shares held by the company were transferred without consideration to the key employees participating in the share based incentive programmes in accordance with the programme specific terms and conditions. More detailed information about the launch and the terms and conditions of the programmes is available in stock exchange releases published on 10 February 2016 and on 8 February 2017.

The decision on the directed share issue is based on the authorisation granted to the Board of Directors by the Annual General Meeting on 19 March 2019. 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.

In January 2019, Cargotec repurchased a total of 40,000 class B shares based on the authorisation of the Annual General Meeting on 20 March 2018 for a total cost of EUR 1,116,632.00. The shares were repurchased for use as reward payments for the share-based incentive programmes. Payments and grants will be realised as per their respective terms and conditions, starting in March 2019.

At the end of March, Cargotec held a total of 304,328 own class B shares, accounting for 0.47 percent of the total number of shares and 0.20 percent of the total number of votes. At the end of March, the number of outstanding class B shares totalled 54,877,751.

Share-based incentive programmes

In February 2019, the Board of Directors of Cargotec Corporation has resolved on the performance criteria for the share-based incentive programme for the year 2019. The performance share programme, approved by the Board of Directors in 2017, 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. The Board of Directors will annually resolve on the performance criteria for each measuring period.

For the performance period of 2018–2019 started in 2018, the potential reward for the measuring period 2019 will be based on the business areas' comparable operating profit for the key employees of the business areas Kalmar, Hiab and MacGregor, and for Navis software divisions' key employees, on Navis' sales. For Cargotec Corporate key employees, the performance criterion is Cargotec's comparable operating profit. After the end of the performance period, the Board of Directors will confirm the cumulative amount of rewards earned from the measuring periods 2018 and 2019, and potential rewards from the performance period 2018–2019 will be paid partly in Cargotec's class B shares and partly in cash in 2020. 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.

For the new performance period of 2019–2020, the programme is directed to approximately 150 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 measuring period 2019 will be based on the business areas' service gross profit, and for Navis software divisions' key employees, on Navis' sales and on sales excluding TOS-business. For the Cargotec Corporate key employees, the performance criterion is Cargotec's service gross profit. The rewards to be paid on the basis of the performance period 2019–2020 will amount up to an approximate maximum total of 294,000 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.

In February 2019, the Board of Directors of Cargotec Corporation has also resolved to establish a new restricted shares programme for 2019. As a part of total compensation, additional restricted share grants can be allocated for selected key employees for recruitment and retention purposes in 2019. Restriction period of the shares continues until the end of March 2021. The rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 27,000 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.

In February 2019, the Board of Directors of Cargotec Corporation has also resolved to establish a new matching share programme directed to the Group executives. The aim is to align the objectives of the shareholders and the executives in order to increase the value of the company in the long-term, and to further strengthen the shareowner alignment by encouraging the executives to personally invest in the company's shares. The Matching Share Programme is directed to maximum seven Group executives in total, including the Chief Executive Officer. More detailed information about the launch and the terms and conditions of the programme is available in stock exchange release published on 20 February 2019.

Market capitalisation and trading

At the end of March, the total market value of class B shares was EUR 1,803 (2,384) 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 2,116 (2,798) million, excluding own shares held by the company.

The class B share closed at EUR 32.86 (43.26) on the last trading day of March on Nasdaq Helsinki. The volume-weighted average share price in January–March was EUR 31.66 (47.21), the highest quotation being EUR 35.80 (51.30) and the lowest EUR 26.76 (43.04). During the period, a total of 9 (8) million class B shares were traded on Nasdaq Helsinki, corresponding to a turnover of EUR 280 (394) million. In addition, according to Fidessa, a total of 11 (13) million class B shares were traded in several alternative marketplaces, such as Cboe BXE and Cboe APA, corresponding to a turnover of EUR 345 (589) 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. A slowdown in global economic growth could reduce the growth in container traffic. Furthermore, the consolidation of ship companies and container terminal operators as well as the relatively low penetration of automation technology could postpone the customers' investment decisions regarding container handling automation. Project executions may face risks related to schedule, cost and delivery guarantees. Furthermore, potential bottlenecks in the supply chain could postpone deliveries and have a negative impact on sales and results. Also challenges related to the availability of skilled workforce and the company's ability to retain it could impact operational performance negatively. Uncertainty may be increased by risks stemming from political instability, volatility on the currency and raw material markets, or from the financing sector. In addition, a trade war could have an impact on global flow of goods and therefore on the demand of Cargotec's solutions. Hiab's demand is impacted by the development of the construction market. A significant share of Hiab's orders are from the United States. Even though the cash flows are hedged for the existing order book, the weakening of the

US dollar in the longer term could weaken Hiab’s results. 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 uncertainty regarding oil price 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.

Risks regarding Cargotec’s acquisitions are related to, for example, the knowledge of the local markets, authority processes, customers, corporate culture, integration as well as key employees.

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 2019

Cargotec reiterates its outlook published on 8 February 2019 and expects its comparable operating profit for 2019 to improve from 2018 (EUR 242.1 million).

Financial calendar 2019

Half year financial report January–June 2019, on Thursday, 18 July 2019
Interim report January–September 2019, on Tuesday, 22 October 2019

Helsinki, 25 April 2019
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Consolidated statement of income

MEUR	Q1/19	Q1/18	2018
Sales	**855.9**	**772.6**	**3,303.5**
Cost of goods sold	-649.5	-570.3	-2,489.3
Gross profit	**206.3**	**202.4**	**814.2**
Gross profit, %	*24.1%*	*26.2%*	*24.6%*
Other operating income	8.7	7.9	44.8
Selling and marketing expenses	-60.8	-55.4	-234.4
Research and development expenses	-25.0	-24.7	-94.7
Administration expenses	-63.9	-63.2	-252.9
Restructuring costs	-5.7	-3.8	-53.8
Other operating expenses	-7.8	-9.3	-35.4
Costs and expenses	-154.5	-148.5	-626.5
Share of associated companies' and joint ventures' net income	-0.8	-0.7	2.3
Operating profit	**51.0**	**53.2**	**190.0**
Operating profit, %	*6.0%*	*6.9%*	*5.8%*
Financing income and expenses	-8.3	-6.8	-28.9
Income before taxes	**42.8**	**46.4**	**161.1**
Income before taxes, %	*5.0%*	*6.0%*	*4.9%*
Income taxes	-11.8	-12.8	-53.1
Net income for the period	**31.0**	**33.7**	**108.0**
Net income for the period, %	*3.6%*	*4.4%*	*3.3%*

Net income for the period attributable to:

Equity holders of the parent	30.9	33.8	107.0
Non-controlling interest	0.1	-0.1	1.1
Total	**31.0**	**33.7**	**108.0**

Earnings per share for profit attributable to the equity holders of the parent:

Earnings per share, EUR	0.48	0.52	1.66
Diluted earnings per share, EUR	0.48	0.52	1.65

The notes are an integral part of the interim report.

Consolidated statement of comprehensive income

MEUR	Q1/19	Q1/18	2018
Net income for the period	**31.0**	**33.7**	**108.0**
Other comprehensive income			
Items that cannot be reclassified to statement of income:			
Actuarial gains (+) / losses (-) from defined benefit plans	0.3	1.2	-2.1
Taxes relating to items that cannot be reclassified to statement of income	-0.1	-0.3	-0.1
Items that can be reclassified to statement of income:			
Gains (+) / losses (-) on cash flow hedges	-1.3	3.9	-31.2
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	2.7	-6.7	11.5
Translation differences	25.1	-12.9	-13.0
Taxes relating to items that can be reclassified to statement of income	0.1	0.8	4.0
Other comprehensive income, net of tax	**26.9**	**-14.0**	**-30.8**
Comprehensive income for the period	**57.8**	**19.6**	**77.3**
Comprehensive income for the period attributable to:			
Equity holders of the parent	57.6	19.8	76.2
Non-controlling interest	0.2	-0.1	1.0
Total	**57.8**	**19.6**	**77.3**

The notes are an integral part of the interim report.

Consolidated balance sheet

ASSETS, MEUR	31 Mar 2019	31 Mar 2018	31 Dec 2018
Non-current assets			
Goodwill	1,004.0	977.7	970.9
Other intangible assets	267.9	257.2	278.6
Property, plant and equipment	474.3	307.3	308.7
Investments in associated companies and joint ventures	102.7	109.6	99.8
Share investments	0.3	0.3	0.3
Loans receivable and other interest-bearing assets*	35.7	3.6	36.0
Deferred tax assets	140.7	145.8	137.3
Other non-interest-bearing assets	9.5	7.9	9.5
Total non-current assets	**2,035.1**	**1,809.5**	**1,841.1**
Current assets			
Inventories	737.9	668.8	688.8
Loans receivable and other interest-bearing assets*	1.3	3.1	1.8
Income tax receivables	43.7	53.0	56.0
Derivative assets	4.2	10.3	17.4
Accounts receivable and other non-interest-bearing assets	854.1	748.6	822.5
Cash and cash equivalents*	151.3	212.0	256.3
Total current assets	**1,792.5**	**1,695.8**	**1,842.8**
Total assets	**3,827.5**	**3,505.3**	**3,683.9**

EQUITY AND LIABILITIES, MEUR	**31 Mar 2019**	**31 Mar 2018**	**31 Dec 2018**
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	-19.2	-44.1	-44.2
Fair value reserves	-12.0	0.1	-13.5
Reserve for invested non-restricted equity	57.4	69.0	58.5
Retained earnings	1,199.3	1,193.6	1,262.5
Total equity attributable to the equity holders of the parent	**1,387.8**	**1,380.8**	**1,425.6**
Non-controlling interest	3.2	2.2	3.0
Total equity	**1,391.0**	**1,383.1**	**1,428.5**
Non-current liabilities			
Interest-bearing liabilities*	703.6	606.2	717.1
Deferred tax liabilities	26.5	11.3	28.1
Pension obligations	93.0	86.0	92.3
Provisions	8.5	12.6	10.7
Other non-interest-bearing liabilities	62.0	57.6	58.6
Total non-current liabilities	**893.6**	**773.8**	**906.8**
Current liabilities			
Current portion of interest-bearing liabilities*	280.9	152.6	168.4
Other interest-bearing liabilities*	80.6	39.6	44.5
Provisions	88.3	99.0	86.7
Advances received**	204.7	192.9	190.3
Income tax payables	19.6	43.5	39.6
Derivative liabilities	7.5	7.0	5.8
Accounts payable and other non-interest-bearing liabilities**	861.3	813.9	813.5
Total current liabilities	**1,542.9**	**1,348.5**	**1,348.6**
Total equity and liabilities	**3,827.5**	**3,505.3**	**3,683.9**

*Included in interest-bearing net debt.
**Amounts due to customers from construction contracts and advance payments from service contracts and software business have been regrouped from “Accounts payable and other non-interest-bearing liabilities” to “Advances received”. On 31 Mar 2018, the regrouped amount was EUR 69.5 million.

The notes are an integral part of the interim report.

Consolidated statement of changes in equity

	Attributable to the equity holders of the parent								
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 1 Jan 2019	**64.3**	**98.0**	**-44.2**	**-13.5**	**58.5**	**1,262.5**	**1,425.6**	**3.0**	**1,428.5**
+/- IFRS 16 transition effect						-9.9	-9.9	0.0	-9.9
+/- IFRIC 23 transition effect						-14.6	-14.6		-14.6
Restated equity 1 Jan 2019	**64.3**	**98.0**	**-44.2**	**-13.5**	**58.5**	**1,237.9**	**1,401.0**	**3.0**	**1,404.0**
Net income for the period						30.9	30.9	0.1	31.0
Cash flow hedges				1.5			1.5	0.1	1.5
Translation differences			25.0				25.0	0.1	25.1
Actuarial gains (+) / losses (-) from defined benefit plans						0.3	0.3		0.3
Comprehensive income for the period*	**-**	**-**	**25.0**	**1.5**	**-**	**31.1**	**57.6**	**0.2**	**57.8**
Profit distribution						-70.6	-70.6		-70.6
Treasury shares acquired					-1.1		-1.1		-1.1
Share-based payments*						0.9	0.9		0.9
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-1.1**	**-69.7**	**-70.8**	**-**	**-70.8**
Transactions with non-controlling interests							-	-	-
Equity 31 Mar 2019	**64.3**	**98.0**	**-19.2**	**-12.0**	**57.4**	**1,199.3**	**1,387.8**	**3.2**	**1,391.0**
Equity 1 Jan 2018	**64.3**	**98.0**	**-31.2**	**2.1**	**69.0**	**1,226.5**	**1,428.7**	**2.3**	**1,431.0**
Net income for the period						33.8	33.8	-0.1	33.7
Cash flow hedges				-2.0			-2.0	-	-2.0
Translation differences			-12.9				-12.9	0.0	-12.9
Actuarial gains (+) / losses (-) from defined benefit plans						0.9	0.9		0.9
Comprehensive income for the period*	**-**	**-**	**-12.9**	**-2.0**	**-**	**34.7**	**19.8**	**-0.1**	**19.6**
Profit distribution						-67.6	-67.6		-67.6
Treasury shares acquired					-		-		-
Share-based payments*						-	-		-
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-**	**-67.6**	**-67.6**	**-**	**-67.6**
Transactions with non-controlling interests							-	0.0	0.0
Equity 31 Mar 2018	**64.3**	**98.0**	**-44.1**	**0.1**	**69.0**	**1,193.6**	**1,380.8**	**2.2**	**1,383.1**

*Net of tax

Consolidated condensed statement of cash flows

MEUR	Q1/19	Q1/18	2018
Net cash flow from operating activities			
Net income for the period	31.0	33.7	108.0
Depreciation, amortisation and impairment	28.0	18.3	77.2
Other adjustments	20.5	20.0	99.2
Change in net working capital	-48.6	-75.6	-158.7
Cash flow from operations before financing items and taxes	**31.0**	**-3.7**	**125.8**
Cash flow from financing items and taxes	-28.9	-36.0	-85.6
Net cash flow from operating activities	**2.0**	**-39.7**	**40.2**
Net cash flow from investing activities			
Acquisitions of businesses, net of cash acquired	-3.4	-19.6	-70.7
Disposals of businesses, net of cash sold	-	-	-15.5
Investments in associated companies and joint ventures	-	-	-0.5
Cash flow from investing activities, other items	-17.1	-10.1	-50.6
Net cash flow from investing activities	**-20.5**	**-29.7**	**-137.3**
Net cash flow from financing activities			
Treasury shares acquired	-2.2	-	-9.4
Repayments of lease liabilities	-9.4	-0.7	-1.3
Proceeds from long-term borrowings	-	-	199.5
Repayments of long-term borrowings	-75.4	-	-83.7
Proceeds from short-term borrowings	40.0	4.5	3.4
Repayments of short-term borrowings	-	-2.3	-2.6
Profit distribution	-35.4	-31.8	-68.0
Net cash flow from financing activities	**-82.3**	**-30.4**	**37.7**
Change in cash and cash equivalents	**-100.8**	**-99.8**	**-59.3**
Cash and cash equivalents, and bank overdrafts at the beginning of period	225.5	284.7	284.7
Effect of exchange rate changes	0.0	-1.2	0.1
Cash and cash equivalents, and bank overdrafts at the end of period	**124.7**	**183.8**	**225.5**
Bank overdrafts at the end of period	26.6	28.3	30.8
Cash and cash equivalents at the end of period	**151.3**	**212.0**	**256.3**

The notes are an integral part of the interim report.

Key figures

		Q1/19	Q1/18	2018
Equity / share	EUR	21.55	21.36	22.16
Total equity / total assets*	%	38.4%	41.8%	40.9%
Interest-bearing net debt	MEUR	876.7	574.6	625.5
Interest-bearing net debt / EBITDA, last 12 months		3.2	2.0	2.3
Gearing	%	63.0%	41.5%	43.8%
Return on equity (ROE), last 12 months	%	7.6%	9.4%	7.6%
Return on capital employed (ROCE), last 12 months	%	7.8%	9.4%	8.0%

*Amounts due to customers from construction contracts as well as advance payments from service contracts and software business have been regrouped from “Accounts payable and other non-interest-bearing liabilities” to “Advances received” on the balance sheet. As a result, the total equity / total assets ratio increased by 0.9 percentage points in Q1/18.

Additional information regarding interest-bearing net debt and gearing is disclosed in note 9, Interest-bearing net debt and liquidity.

Notes to the interim report

1. General information

Cargotec Corporation (1927402-8) 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 Nasdaq Helsinki Ltd since 1 June 2005.

2. Accounting principles and new accounting standards

The interim report has been prepared according to IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2018 and comply with changes in IAS/IFRS standards effective from 1 January 2019. All figures presented have been rounded which may cause, for example, the sum of individual figures to deviate from the presented sum total.

IFRS 16, Leases, was adopted by applying the modified retrospective transition method. The majority of the lease agreements Cargotec reported as operating leases in 2018 were converted as lease agreements recognised on the balance sheet on the adoption of IFRS 16. The transition adjustments related to the adoption of IFRS 16 resulted in a net decrease of EUR 9.9 million in retained earnings based on increases of EUR 178.1 million in interest-bearing liabilities, EUR 163.9 million in property, plant and equipment, and EUR 3.1 million in deferred tax assets, and a decrease of EUR 1.1 million in non-interest-bearing liabilities. The weighted average discount rate applied to determine the present value of lease liability was 4.3% on the date of transition. IFRS 16 is estimated to have a positive impact of approximately EUR 7 million on Cargotec's operating profit in 2019 based on the lease contracts effective on the date of transition.

MEUR	Reconciliation of lease liability on transition to IFRS 16
Commitments related to operating leases on 31 Dec 2018	203.2
of which related to off-balance sheet leases on 1 Jan 2019	-1.5
Additions on transition to IFRS 16 on 1 Jan 2019	6.7
Gross commitment related to new on-balance sheet leases on 1 Jan 2019	**208.4**
Weighted average discount rate applied in the transition	4.3%
Increase of on-balance sheet lease liabilities on 1 Jan 2019	178.1
Finance lease liabilities on 31 Dec 2018	18.5
Lease liabilities recognised on the balance sheet on 1 Jan 2019	**196.6**

IFRIC 23, Uncertainty over Income Tax Treatments, was adopted prospectively with the allowed transitional reliefs. The interpretation clarifies how to apply the recognition and measurement requirements of IAS 12, Income taxes, when there is uncertainty over income tax treatments. The interpretation provides guidance to determine whether uncertain tax treatments should be considered separately or together as a group. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation also clarifies how to consider assumptions about the examination of uncertain tax treatments by taxation authorities and measurement methods of uncertain tax positions. The reassessment of current and deferred taxes in accordance with IFRIC 23 resulted in a reduction of EUR 14.6 million in retained earnings at transition due to decreases of EUR 13.9 million in the income tax receivables and EUR 0.7 million in deferred tax assets.

Cargotec's changed accounting principles regarding leases in which Cargotec is the lessee

Cargotec leases property, plant and equipment in most of the countries where it has operations. Short-term lease agreements, in which contractual and expected lease periods are not longer than 12 months, are accounted for as off-balance sheet leases if there is no purchase option. Also long-term lease agreements in which the underlying leased asset is of low value are accounted for as off-balance sheet leases. Expenses related to these leases are recognised in the statement of income as incurred over the lease period.

Lease agreements which do not qualify for the short-term or low-value exemption are recognised on the balance sheet as lease liabilities and right-of-use assets at the commencement of the lease period. Lease liabilities are initially measured at present value by determining the expected reasonably certain lease payments and discounting them with an incremental borrowing rate that is determined separately for the main lease types in each relevant currency. If a lease has no maturity date, the lease liability is determined based on the enforceable lease period considering the termination rights of both contractual parties. Lease payments are allocated to repayments of lease liabilities and finance charges so that a constant interest rate on outstanding balance is obtained. Lease liabilities are included in the interest-bearing liabilities on the statement of financial position. Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted by lease advances paid or incentives received, initial direct costs, and estimated dismantling, removal and restoration costs at the end of the lease period, if relevant. Right-of-use assets are included in the property, plant and equipment on the statement of financial position, and they are depreciated over the lease period on a straight-line basis unless the asset is expected to be fully consumed before the end of the lease term or purchased, in which case the depreciation period is determined based on the expected useful life of the asset. An off-balance sheet lease commitment becoming onerous leads to a recognition of a separate loss provision, whereas an on-balance sheet lease becoming onerous leads to an impairment of the related right-of-use asset.

Lease modifications are accounted for either as new lease contracts or as changes in the existing lease contracts depending on the type of the modification. Modifications accounted for as changes in the existing leases, and changes in the estimates applied in lease accounting, such as those related to the use of an option to prolong a lease or to purchase a leased asset, trigger a remeasurement of the lease liability and the right-of-use asset at an updated discount rate. Contractual rent changes tied to indexes also trigger a remeasurement of the lease liability and the right-of-use asset but without a change in the applied discount rate.

Cargotec's changed accounting principles regarding income taxes

Income taxes in the statement of income include group companies' taxes based on the taxable income, changes in deferred taxes and adjustments to taxes for previous periods. Income taxes based on the taxable income are calculated by using the local tax rates and laws enacted or substantively enacted at the end of the reporting period. Tax is recognised in the statement of income except to the extent that it relates to items recognised in the statement of other comprehensive income, in which case the tax is presented in the statement of other comprehensive income.

Deferred taxes are calculated on the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on the unutilised tax losses. Deferred tax liabilities are recognised in full and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised. Deferred taxes are measured with the tax rates and laws that are enacted or substantively enacted at the end of the reporting period and that are expected to apply when the asset is realised or liability settled.

When there is uncertainty over an income tax treatment, Cargotec considers uncertain tax positions either separately or together as a group based on the approach that better predicts the resolution of the uncertainty. Income taxes are in that case recognised either based on an estimate of the most likely amount or the expected weighted average value of the final tax amount, taking into account the tax authorities' expected acceptance of the chosen tax treatment.

3. Segment information

Sales, MEUR	Q1/19	Q1/18	2018
Kalmar	401	371	1,618
Hiab	316	276	1,149
MacGregor	139	126	538
Internal sales	0	0	-2
Total	**856**	**773**	**3,304**

Sales by geographical area, MEUR	Q1/19	Q1/18	2018
EMEA	396	362	1,610
Americas	306	254	1,039
Asia-Pacific	154	157	655
Total	**856**	**773**	**3,304**

Sales by geographical area, %	Q1/19	Q1/18	2018
EMEA	46%	47%	49%
Americas	36%	33%	31%
Asia-Pacific	18%	20%	20%
Total	**100%**	**100%**	**100%**

Operating profit and EBITDA, MEUR	Q1/19	Q1/18	2018
Kalmar	31.2	27.9	138.1
Hiab	33.4	36.1	133.8
MacGregor	-0.7	0.1	-4.2
Corporate administration and support functions	-12.9	-10.9	-77.7
Operating profit	**51.0**	**53.2**	**190.0**
Depreciation and amortisation	28.0	18.3	77.2
EBITDA	**79.1**	**71.5**	**267.2**

Operating profit, %	Q1/19	Q1/18	2018
Kalmar	7.8%	7.5%	8.5%
Hiab	10.6%	13.1%	11.6%
MacGregor	-0.5%	0.1%	-0.8%
Cargotec	6.0%	6.9%	5.8%

Items affecting comparability, MEUR	Q1/19	Q1/18	2018
Kalmar	-1.1	-0.8	-5.4
Hiab	-0.3	-	-0.7
MacGregor	-1.9	-0.6	-2.6
Corporate administration and support functions	-3.1	-2.9	-43.3
Total	**-6.3**	**-4.3**	**-52.1**

Comparable operating profit, MEUR	Q1/19	Q1/18	2018
Kalmar	32.3	28.7	143.6
Hiab	33.7	36.1	134.5
MacGregor	1.2	0.7	-1.6
Corporate administration and support functions	-9.8	-8.0	-34.4
Total	**57.4**	**57.5**	**242.1**

Comparable operating profit, %	**Q1/19**	**Q1/18**	**2018**
Kalmar	8.1%	7.7 %	8.9 %
Hiab	10.7%	13.1 %	11.7 %
MacGregor	0.9%	0.6 %	-0.3 %
Cargotec	6.7%	7.4 %	7.3 %

Orders received, MEUR	**Q1/19**	**Q1/18**	**2018**
Kalmar	516	432	1,919
Hiab	341	307	1,259
MacGregor	165	124	580
Internal orders received	0	0	-1
Total	**1,022**	**863**	**3,756**

Orders received by geographical area, MEUR	**Q1/19**	**Q1/18**	**2018**
EMEA	501	403	1,755
Americas	335	293	1,245
Asia-Pacific	186	167	757
Total	**1,022**	**863**	**3,756**

Orders received by geographical area, %	**Q1/19**	**Q1/18**	**2018**
EMEA	49%	47%	47%
Americas	33%	34%	33%
Asia-Pacific	18%	19%	20%
Total	**100%**	**100%**	**100%**

Order book, MEUR	**31 Mar 2019**	**31 Mar 2018**	**31 Dec 2018**
Kalmar	1,127	837	1,012
Hiab	483	329	453
MacGregor	536	519	530
Internal order book	-1	-1	-1
Total	**2,145**	**1,684**	**1,995**

Number of employees at the end of period	**31 Mar 2019**	**31 Mar 2018**	**31 Dec 2018**
Kalmar	5,709	5,702	5,737
Hiab	4,101	3,466	3,879
MacGregor	1,850	1,947	1,879
Corporate administration and support functions	534	383	492
Total	**12,194**	**11,498**	**11,987**

Average number of employees	**Q1/19**	**Q1/18**	**2018**
Kalmar	5,697	5,727	5,685
Hiab	4,074	3,436	3,604
MacGregor	1,857	1,852	1,887
Corporate administration and support functions	525	319	413
Total	**12,153**	**11,334**	**11,589**

4. Revenue from contracts with customers

Cargotec, MEUR	**Q1/19**	**Q1/18**	**2018**
Equipment sales	569	504	2,177
Service sales	249	237	980
Software sales	38	32	147
Total sales	**856**	**773**	**3,304**
Recognised at a point in time	734	683	2,898
Recognised over time	122	90	406

Kalmar, MEUR	**Q1/19**	**Q1/18**	**2018**
Equipment sales	253	229	1,022
Service sales	110	110	449
Software sales	38	32	147
Total sales	**401**	**371**	**1,618**
Recognised at a point in time	329	317	1,377
Recognised over time	72	54	241

Hiab, MEUR	**Q1/19**	**Q1/18**	**2018**
Equipment sales	234	202	840
Service sales	83	75	309
Total sales	**316**	**276**	**1,149**
Recognised at a point in time	314	274	1,139
Recognised over time	3	2	9

MacGregor, MEUR	**Q1/19**	**Q1/18**	**2018**
Equipment sales	83	74	317
Service sales	56	52	222
Total sales	**139**	**126**	**538**
Recognised at a point in time	92	92	382
Recognised over time	47	34	156

5. Comparable operating profit

MEUR	Q1/19	Q1/18	2018
Operating profit	**51.0**	**53.2**	**190.0**
Restructuring costs			
Employment termination costs	1.6	0.4	3.2
Impairments of non-current assets*	-	-	32.2
Impairments of inventories	-	0.0	1.4
Restructuring-related disposals of businesses**	0.0	-	-8.4
Other restructuring costs***	4.0	3.3	25.5
Restructuring costs, total	**5.7**	**3.8**	**53.8**
Other items affecting comparability			
Insurance benefits	-	-	-5.0
Expenses related to business acquisitions	0.7	0.5	3.3
Other items affecting comparability, total	**0.7**	**0.5**	**-1.7**
Comparable operating profit	**57.4**	**57.5**	**242.1**

*Includes an impairment loss of EUR 30.0 million, recognised in the second quarter of 2018, related to impairment testing of Cargotec's investment in the associated company Jiangsu Rainbow Heavy Industries Co., Ltd (RHI), that is listed on the Shenzhen stock exchange in China.

**Additional information regarding disposals of businesses is presented in note 12, Acquisitions and disposals.

***Includes e.g. contract (other than employment contract) termination costs, costs arising from outsourcing or transferring operations to new locations, costs of vacant premises, gains and losses on sale of intangible assets and property, plant and equipment as well as establishment costs of Cargotec Business Services operations. In addition, the sum in 2018 includes costs related to discontinuation of unprofitable product ranges in Kalmar.

6. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	**Q1/19**	**Q1/18**	**2018**
Owned assets			
Intangible assets	1.3	2.4	7.7
Land and buildings	0.3	0.3	6.6
Machinery and equipment	19.9	10.5	56.9
Right-of-use assets			
Land and buildings	2.0	3.8	8.8
Machinery and equipment	1.7	0.2	0.2
Total	**25.2**	**17.2**	**80.3**

Depreciation, amortisation and impairment, MEUR	**Q1/19**	**Q1/18**	**2018**
Owned assets			
Intangible assets	7.4	7.0	31.0
Land and buildings	1.4	1.6	6.5
Machinery and equipment	9.3	9.3	38.7
Right-of-use assets			
Land and buildings	6.1	0.0	0.2
Machinery and equipment	3.7	0.3	0.8
Total	**28.0**	**18.3**	**77.2**

7. Taxes in statement of income

MEUR	**Q1/19**	**Q1/18**	**2018**
Current year tax expense	11.5	9.6	35.2
Change in current year's deferred tax assets and liabilities	0.2	3.1	18.3
Tax expense for previous years	0.1	0.1	-0.4
Total	**11.8**	**12.8**	**53.1**

8. Net working capital

MEUR	31 Mar 2019	31 Mar 2018	31 Dec 2018
Inventories	737.9	668.8	688.8
Operative derivative assets	14.4	19.6	9.2
Accounts receivable	655.8	577.7	626.3
Other operative non-interest-bearing assets	205.6	177.3	202.7
Provisions	-96.8	-111.6	-97.4
Advances received	-204.7	-192.9	-190.3
Operative derivative liabilities	-23.6	-17.9	-18.9
Accounts payable	-429.5	-382.7	-424.2
Pension obligations	-93.0	-86.0	-92.3
Other operative non-interest-bearing liabilities	-438.3	-446.0	-432.5
Total	**327.8**	**206.3**	**271.4**

Assets and liabilities that are not allocated to business operations are not included in net working capital. Unallocated assets comprise loans and other interest-bearing receivables, cash and cash equivalents, income tax receivables, deferred tax assets, deferred interests, deferred considerations on disposals, and derivatives designated as hedges of future treasury transactions. Unallocated liabilities comprise loans and other interest-bearing liabilities, income tax payables, deferred tax liabilities, accrued interests, deferred considerations on acquisitions, dividend liabilities, and derivatives designated as hedges of future treasury transactions.

9. Interest-bearing net debt and liquidity

MEUR	31 Mar 2019	31 Mar 2018	31 Dec 2018
Interest-bearing liabilities*	1,065.1	798.4	929.9
Lease liabilities included in interest-bearing liabilities	191.7	13.9	18.5
Loans receivable and other interest-bearing assets	-37.1	-6.7	-37.9
Cash and cash equivalents	-151.3	-212.0	-256.3
Interest-bearing net debt on balance sheet	**876.7**	**579.6**	**635.8**
Foreign currency hedge of corporate bonds*	-	-5.0	-10.3
Interest-bearing net debt	**876.7**	**574.6**	**625.5**
Equity	1,391.0	1,383.1	1,428.5
Gearing	**63.0%**	**41.5%**	**43.8%**

*Cash flow hedge accounting was applied to the cash flows of the US Private Placement corporate bond (31 Mar 2018 and 31 Dec 2018: USD 85 million), which matured in February 2019. The cash flows of the bond were converted into euro flows through a cross-currency swap. As a result of the hedging, Cargotec effectively held a EUR 64 million fixed rate debt on 31 Mar 2018 and 31 Dec 2018.

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

MEUR	31 Mar 2019	31 Mar 2018	31 Dec 2018
Cash and cash equivalents	151.3	212.0	256.3
Committed long-term undrawn revolving credit facilities	300.0	300.0	300.0
Repayments of interest-bearing liabilities in the following 12 months	-361.5	-192.2	-212.8
Total liquidity	**89.8**	**319.8**	**343.5**

10. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 31 Mar 2019	Negative fair value 31 Mar 2019	Net fair value 31 Mar 2019	Net fair value 31 Mar 2018	Net fair value 31 Dec 2018
Non-current	-	-	-	-	-
Current					
Currency forwards, cash flow hedge accounting	1.2	3.7	-2.5	-0.7	2.2
Currency forwards, other	3.0	3.8	-0.8	-	-0.7
Cross-currency and interest rate swaps	-	-	-	4.0	10.1
Total current	**4.2**	**7.5**	**-3.3**	**3.3**	**11.7**
Total derivatives	**4.2**	**7.5**	**-3.3**	**3.3**	**11.7**

A cross-currency and interest rate swap hedged the US Private Placement corporate bond which was issued in February 2007 and matured in February 2019. Cash flow hedge accounting was applied for this instrument and it was recognised at fair value through profit and loss.

Financial assets and liabilities recognised at fair value through profit and loss comprise mainly currency derivatives. The recurring measurement of these instruments at fair value is based on commonly applied valuation methods and uses observable market-based variables. Therefore, these measurements are categorised in the fair value hierarchy as level 2 fair values.

Nominal values of derivative financial instruments

MEUR	31 Mar 2019	31 Mar 2018	31 Dec 2018
Currency forward contracts	2,442.5	2,009.0	2,260.7
Cash flow hedge accounting	1,528.8	1,198.6	1,265.8
Other	913.7	810.4	994.8
Cross-currency and interest rate swaps	-	69.0	74.2
Total	**2,442.5**	**2,078.0**	**2,334.9**

The derivatives have been recognised at gross fair values on the 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.

11. Commitments

MEUR	31 Dec 2019	31 Mar 2018	31 Dec 2018
Guarantees given on behalf of associated companies and joint ventures	43.4	42.2	41.5
Customer financing	28.1	19.1	26.7
Off-balance sheet leases	2.1	184.4	203.2
Other contingent liabilities	2.4	0.5	0.5
Total	**76.0**	**246.2**	**271.9**

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from ordinary course of business. The total amount of these guarantees on 31 March 2018 was EUR 445.1 (31 Mar 2018: 470.3 and 31 Dec 2018: 460.8) million.

Certain products are sold under customer finance arrangements in which some level of risk is typically retained by Cargotec. When the level of retained risk is low and, therefore, not reflected on the balance sheet, it is reported in full as a contingent liability under commitments. No significant liabilities are expected to arise from the commitments related to customer financing.

Off-balance sheet leases include from 1 Jan 2019 the lease commitments related to short-term leases, low-value leases, and leases that have not yet commenced. The aggregate off-balance sheet lease expenses totalled EUR 1.1 (1–3/2018: 12.5 and 1–12/2018: 45.0) million. Additional information regarding the IFRS 16 transition is presented in note 2, Accounting principles and new accounting standards.

Cargotec received in October 2016 a USD 13 million verdict in a local jury trial in Hempstead, USA. The verdict was related to business acquisition negotiations Cargotec USA had in 2010 and 2011. The negotiations were closed without results. The claim was based on Cargotec having breached confidentiality obligations related to the negotiations. In December 2018, Cargotec won its appeal to dispute the verdict of damages. The opponent has appealed to the Supreme Court of Texas.

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

12. Acquisitions and disposals

Acquisitions in 2019

Navis, part of Kalmar, acquired on 7 March 2019 the share capital of the US-based privately owned company Cetus Labs, Inc. ("Cetus") at the price of EUR 13.5 million of which EUR 3.5 million was paid on the date of acquisition. The remaining amount, which is conditional, is expected to be paid over the next three years. The main product of Cetus is a SaaS- and cloud-based terminal operating system (TOS), Octopi, designed for small container and mixed cargo terminals. The result of Cetus has been consolidated into Kalmar segment from the beginning of March. Cetus is not expected to have a material impact on Cargotec's sales during 2019. Consolidation of the acquired business is provisional on reporting date and the fair value measurements are preliminary. In the preliminary valuation, a technology-related intangible asset has been identified. According to the preliminary valuation, the acquisition will generate goodwill that is not tax-deductible. Goodwill is primarily based on personnel and expected synergy benefits.

Acquisitions in 2018

On 6 November 2018, Hiab acquired the share capital of Effer S.p.A ("Effer") located in Italy at the price of EUR 45.5 million. Effer was a privately owned company that is renowned knuckle-boom crane manufacturer. Effer's product range includes truck loader cranes, special application truck cranes, and marine cranes. Acquisition complements Hiab's product portfolio especially in heavy cranes, and Effer's global dealer network strengthens Hiab's sales network. Additionally, acquisition strengthens Hiab's product development, and increases the sales and efficiency of Hiab's service business. Effer's all operations are located in Italy. As a result of the acquisition, 400 employees were transferred to Cargotec. The result of Effer has been consolidated into Hiab segment from the beginning of November 2018. In 2018, Effer contributed EUR 16.1 million and EUR 0.8 million to Cargotec's sales and operating profit, respectively. Had Effer been acquired on 1 January 2018, it would have increased Cargotec's full year sales by approximately EUR 96.6 million and operating profit by approximately EUR 5.1 million.

Consolidation of the acquired businesses is provisional as of 31 March 2019. Fair value measurement of the acquired assets and liabilities is preliminary and subject to adjustments until the valuation is finalised. In the preliminary valuation, customer relationships, trademarks and technology have been identified as the acquired intangible assets. According to the preliminary valuation, the acquisition will generate goodwill, which will not be tax-deductible. Goodwill is primarily based on personnel and expected synergy benefits.

Acquired net assets and goodwill, MEUR	
Intangible assets	20.6
Property, plant and equipment	3.4
Inventories	12.1
Accounts receivable and other non-interest-bearing assets	15.9
Cash and cash equivalents	5.1
Deferred tax assets	1.2
Accounts payable and other non-interest-bearing liabilities	-19.6
Interest-bearing liabilities	-12.2
Deferred tax liabilities	-5.7
Net assets	**20.7**
Purchase price, payable in cash	45.5
Total consideration	**45.5**
Goodwill	**24.8**
Purchase price, paid in cash	43.5
Cash and cash equivalents acquired	6.3
Cash flow impact	**49.8**

On 5 February 2018, MacGregor acquired the share capital of Rapp Marine Group AS ("RMG") at the price of EUR 8.5 million. RMG was a privately owned company and it is specialised in providing

winches and related equipment to fishery and research vessels. The acquisition supports MacGregor’s growth strategy by enabling a strong position in the product areas related to fishery and research vessels, completing the product offering of winches and related control systems, and increasing service sales. RMG's main locations are in Norway, the United States and the United Kingdom. As a result of the acquisition, 135 employees were transferred to Cargotec. The result of RMG has been consolidated into MacGregor segment from the beginning of February 2018. In 2018, RMG contributed EUR 49.2 million and EUR 0.1 million to Cargotec's sales and operating profit, respectively. Had RMG been acquired on 1 January 2018, it would have increased Cargotec's full year sales by approximately EUR 53.7 million and operating profit by approximately EUR 0.1 million.

Fair value measurements of the acquired assets and assumed liabilities are final. In determining the fair values, intangible assets related to customer relationships, trademarks and technology were identified as the acquired intangible assets. The acquisition generated goodwill that is not tax-deductible. The generated goodwill is primarily based on personnel and expected synergy benefits.

Acquired net assets and goodwill, MEUR	
Intangible assets	5.2
Property, plant and equipment	1.0
Inventories	15.3
Accounts receivable and other non-interest-bearing assets	23.1
Interest-bearing receivables	0.0
Cash and cash equivalents	0.9
Deferred tax assets	0.4
Accounts payable and other non-interest-bearing liabilities	-44.2
Interest-bearing liabilities	-11.9
Deferred tax liabilities	-1.0
Net assets	**-11.1**
Purchase price, payable in cash	7.7
Total consideration	**7.7**
Goodwill	**18.8**
Purchase price, paid in cash	8.5
Cash and cash equivalents acquired	10.7
Cash flow impact	**19.2**

Hiab acquired the service business of Londonderry Garage Limited in the UK on 8 October 2018 for a consideration of EUR 1.1 million, the sales and service business of Logan Inglis Limited in Scotland on 10 August 2018 for a consideration of EUR 0.6 million, and the service business of Berendsen & Merz in Germany on 1 June 2018 for a consideration of EUR 0.4 million. These acquisitions had no material impact on reported figures. The combined cash flow impact of these acquisitions was EUR 1.4 million.

Disposals in 2018

On 29 June 2018, Kalmar sold its rough terrain container handling business in the U.S. for a consideration of EUR 8.0 million, of which EUR 1.3 million was agreed to be paid during the next 18 months. The transaction follows Kalmar's strategy to focus on container ports, heavy industry and distribution segments, and it resulted in a net loss of EUR 4.1 million that is included in the restructuring costs in the statement of income. The disposal reduced Cargotec's personnel by 71 employees. During 2018, the rough terrain container handling business contributed EUR 8.2 million and EUR -0.9 million to Cargotec's sales and operating profit, respectively.

On 9 May 2018, Kalmar entered into an agreement with JCE Invest AB to establish a joint venture, Bruks Siwertell Group ("BSG"), specialised in dry bulk handling. The joint venture consists of the businesses of Siwertell AB and BRUKS Holding AB contributed by Kalmar and JCE Invest AB respectively. Kalmar accounts for the transaction as a disposal of the subsidiary Siwertell AB, and the new 48 percent ownership in the BSG is consolidated as an associated company. As a result of the transaction, Kalmar recognised an investment of EUR 18.9 million in the associated company, and a vendor note receivable of EUR 33.0 million from BSG that will be redeemed in annual instalments. The transaction follows Kalmar's strategy to focus on container ports, heavy industry and distribution segments, and it resulted in a net profit of EUR 12.6 million that is included in the restructuring costs in the statement of income. The disposal reduced Cargotec's personnel by 111 employees. In 2018, Siwertell contributed EUR 8.7 million and EUR -0.3 million to Cargotec's sales and operating profit, respectively.

On 15 June 2018, Hiab disposed of its 40 percent ownership in the associated company Hymetal S.A. at a price of EUR 0.9 million. The transaction had no material impact on reported figures.

Key exchange rates for the euro

Closing rates	31 Mar 2019	31 Mar 2018	31 Dec 2018
SEK	10.398	10.284	10.255
USD	1.124	1.232	1.145

Average rates	Q1/19	Q1/18	2018
SEK	10.378	9.996	10.259
USD	1.140	1.225	1.181

Calculation of key figures

Earnings per share (EUR)	=		Net income for the period attributable to the equity holders of the parent / Average number of outstanding shares during the period
Diluted earnings per share (EUR)	=		Net income for the period attributable to the equity holders of the parent / Average number of outstanding diluted shares during the period

According to the ESMA Guidelines on Alternative Performance Measures, an Alternative Performance Measure (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. In addition to IFRS performance measures, Cargotec uses the following alternative performance measures.

Comparable operating profit (MEUR and % of sales)	=		Operating profit excluding items significantly affecting comparability

Items significantly affecting comparability include, in addition to restructuring costs, mainly capital gains and losses, gains and losses related to business acquisitions and disposals, impairments of assets and reversals of impairments, insurance benefits, and expenses related to legal proceedings. Cargotec uses comparable operating profit to better convey underlying business performance and to enhance comparability from period to period.

Equity / share (EUR)	=		Total equity attributable to the equity holders of the parent / Number of outstanding shares at the end of period
Total equity / total assets (%)	=	100 x	Total equity / Total assets - advances received
Interest-bearing net debt (MEUR)	=		Interest-bearing liabilities - loans receivable and other interest-bearing assets +/- foreign currency hedge of corporate bonds
Interest-bearing net debt / EBITDA, last 12 months	=		Interest-bearing net debt / EBITDA (earnings before interest, taxes, depreciation and amortisation), last 12 months
Gearing (%)	=	100 x	Interest-bearing net debt / Total equity
Return on equity (ROE) (%), last 12 months	=	100 x	Net income (last 12 months) / Total equity (last 12 months' average)
Return on capital employed (ROCE) (%), last 12 months	=	100 x	Income before taxes + interest and other financing expenses (last 12 months) / Total assets - non-interest-bearing debt (last 12 months' average)

Items included in net working capital are presented in note 8, Net working capital.

Quarterly key figures

Cargotec		Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Orders received	MEUR	1,022	991	921	981	863
Service orders received	MEUR	261	265	251	258	256
Order book	MEUR	2,145	1,995	1,887	1,786	1,684
Sales	MEUR	856	910	805	816	773
Service sales	MEUR	249	257	239	247	237
Software sales	MEUR	38	47	39	29	32
Service and software sales, % of sales	%	33%	33%	35%	34%	35%
Operating profit	MEUR	51.0	60.9	54.5	21.3	53.2
Operating profit	%	6.0%	6.7%	6.8%	2.6%	6.9%
Comparable operating profit	MEUR	57.4	69.6	57.8	57.2	57.5
Comparable operating profit	%	6.7%	7.7%	7.2%	7.0%	7.4%
Earnings per share	EUR	0.48	0.53	0.58	0.03	0.52

Kalmar		Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Orders received	MEUR	516	450	486	550	432
Order book	MEUR	1,127	1,012	1,003	947	837
Sales	MEUR	401	444	415	389	371
Service sales	MEUR	110	116	111	112	110
Software sales	MEUR	38	47	39	29	32
Comparable operating profit	MEUR	32.3	51.0	38.6	25.2	28.7
Comparable operating profit	%	8.1%	11.5%	9.3%	6.5%	7.7%

Hiab		Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Orders received	MEUR	341	357	294	301	307
Order book	MEUR	483	453	371	337	329
Sales	MEUR	316	318	260	295	276
Service sales	MEUR	83	83	75	77	75
Comparable operating profit	MEUR	33.7	34.9	24.2	39.4	36.1
Comparable operating profit	%	10.7%	11.0%	9.3%	13.4%	13.1%

MacGregor		Q1/19	Q4/18	Q3/18	Q2/18	Q1/18
Orders received	MEUR	165	184	141	131	124
Order book	MEUR	536	530	513	503	519
Sales	MEUR	139	149	130	133	126
Service sales	MEUR	56	59	53	58	52
Comparable operating profit	MEUR	1.2	-6.8	1.0	3.5	0.7
Comparable operating profit	%	0.9%	-4.6%	0.8%	2.6%	0.6%