Cargotec's financial statements review 2015: Earnings per share doubled

- **Good profit development continued in Kalmar and Hiab in Q4**
- **MacGregor Q4 profit burdened by indirect costs**
- **Aim to be the leader in intelligent cargo handling**

The figures in this financial statements review are based on Cargotec Corporation's audited 2015 Financial statements.

October–December 2015 in brief

- Orders received decreased 10 percent and totalled EUR 824 (914) million.
- Order book decreased 6 percent and amounted to EUR 2,064 (31 Dec 2014: 2,200) million at the end of the period
- Sales totalled EUR 977 (963) million.
- Operating profit excluding restructuring costs was EUR 52.1 (71.5) million, representing 5.3 (7.4) percent of sales.
- Operating profit was EUR 45.0 (63.0) million, representing 4.6 (6.5) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 87.3 (84.0) million.
- Net income for the period amounted to EUR 35.4 (40.6) million.
- Earnings per share was EUR 0.55 (0.63).

January–December 2015 in brief

- Orders received totalled EUR 3,557 (3,599) million.
- Sales grew 11 percent to EUR 3,729 (3,358) million.
- Operating profit excluding restructuring costs was EUR 230.7 (149.3) million, representing 6.2 (4.4) percent of sales.
- Operating profit was EUR 213.1 (126.6) million, representing 5.7 (3.8) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 314.6 (204.3) million.
- Net income for the period amounted to EUR 142.9 (72.0) million.
- Earnings per share was EUR 2.21 (1.11).
- The Board of Directors proposes a dividend of EUR 0.79 per class A share and EUR 0.80 per outstanding class B share be paid.

Outlook for 2016

Cargotec's 2016 sales are expected to be at the 2015 level (EUR 3,729 million) or slightly below. Operating profit excluding restructuring costs for 2016 is expected to improve from 2015 (EUR 230.7 million).

Cargotec's key figures

MEUR	**Q4/15**	Q4/14	Change	**Q1-Q4/15**	Q1-Q4/14	Change
Orders received	**824**	914	-10%	**3,557**	3,599	-1%
Order book, end of period	**2,064**	2,200	-6%	**2,064**	2,200	-6%
Sales	**977**	963	1%	**3,729**	3,358	11%
Operating profit*	**52.1**	71.5	-27%	**230.7**	149.3	55%
Operating profit, %*	**5.3**	7.4		**6.2**	4.4	
Operating profit	**45.0**	63.0	-29%	**213.1**	126.6	68%
Operating profit, %	**4.6**	6.5		**5.7**	3.8	
Income before taxes	**36.9**	53.4		**186.2**	98.2	
Cash flow from operations	**87.3**	84.0		**314.6**	204.3	
Net income for the period	**35.4**	40.6		**142.9**	72.0	
Earnings per share, EUR	**0.55**	0.63		**2.21**	1.11	
Net debt, end of period	**622**	719		**622**	719	
Gearing, %	**46.4**	59.2		**46.4**	59.2	
Personnel, end of period	**10,837**	10,703		**10,837**	10,703	

*excluding restructuring costs

Cargotec's President and CEO Mika Vehviläinen:

The year 2015 was a milestone for Cargotec with regard to our set targets. Kalmar and Hiab reached the profitability improvement measures initiated two years ago ahead of time by the end of the second quarter. MacGregor's market situation is challenging, but we are confident that we are taking the correct measures in order to adapt to the situation in that business area. Orders received were strong also in the fourth quarter in Kalmar and Hiab, and therefore, orders for the full year 2015 reached the previous year's level despite clearly lower orders for MacGregor. Sales in 2015 grew 11 percent and the operating profit margin excluding restructuring costs improved to 6.2 percent. Our 2015 cash flow was also strong. The doubled earnings per share enables dividend growth of 45 percent. We see attractive opportunities in executing our strategy by further investing in growing our businesses, which in our view increases shareholder value best.

Towards the end of the year, we updated our strategy with the aim of transforming Cargotec into a market leader in intelligent cargo handling by building on services, digitalisation and people leadership. We will invest in R&D in order to ensure that our products remain market leaders and ahead of our competitors' products. We will develop our portfolio by investing in businesses with high growth, as well as by complementing our technological competence and geographical coverage. In particular, we will invest in competence development in order to accelerate our transformation process. We have also updated our financial targets: the new goals for each of the business areas are to reach 10 percent operating profit margin (EBIT) over the cycle as well as to grow faster than the market, and for the group to reach 15 percent return on capital employed (ROCE pre-tax) over the cycle. These targets reflect our growth strategy and expected high return on the planned investments.

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 10:00 a.m. EET at Cargotec’s head office, Porkkalankatu 5, Helsinki. The event will be held in English. The report will be presented by President and CEO Mika Vehviläinen and Executive Vice President, CFO Eeva Sipilä. The presentation material will be available at www.cargotec.com by 10:00 a.m. EET.

The telephone conference, during which questions may be presented, can be accessed using the following numbers with access code Cargotec/7650465:
FI: +358 9 6937 9543
SE: +46 8 5033 6539
UK: +44 20 3427 1918
US: +1 646 254 3361

The event can also be viewed as a live webcast at www.cargotec.com. An on-demand version of the conference will be published at Cargotec’s website later during the day.

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Cargotec (Nasdaq Helsinki: CGCBV) is a leading provider of cargo and load handling solutions with the goal of becoming the leader in intelligent cargo handling. Cargotec's business areas Kalmar, Hiab and MacGregor offer products and services that ensure our customers a continuous, reliable and sustainable performance. Cargotec's sales in 2015 totalled approximately EUR 3.7 billion and it employs almost 11,000 people. www.cargotec.com

Cargotec's financial statements review 2015

Operating environment

The number of containers handled at ports globally is anticipated to have grown more than one percent in 2015. The clearly stronger growth at the beginning of the year slowed down during the second half due to uncertainty in the global economy, which reduced demand for freight. Nevertheless, demand for container handling equipment is supported by significantly larger ship sizes than earlier as well as customers' replacement investments. Customer interest in port automation solutions remained active. In the United States, the economic growth was reflected in strong demand for equipment supplied to distribution centres and heavy material handling customers. Demand for services was active throughout the year.

A strong market for load handling equipment in the US was particularly visible in the demand for truck-mounted forklifts and tail lifts. In Europe, the market situation varied significantly between countries. Demand for services was healthy.

The market for marine cargo handling equipment was weak throughout the year for bulk carriers in particular. However, demand for marine cargo handling equipment for large container ships improved during the second half. An intense fall in investments of oil industry was reflected in low demand for offshore load handling solutions. Demand for services was stable.

Financial performance

Orders received and order book

Orders received during the fourth quarter decreased ten percent from the comparison period and totalled EUR 824 (914) million. Compared to the comparison period, currency rate changes had a six percentage point positive impact on orders received. Orders received grew in Kalmar and Hiab, but decreased in MacGregor. Service orders declined four percent from the comparison period and totalled EUR 215 (225) million.

Orders received in 2015 decreased one percent from the comparison period and totalled EUR 3,557 (3,599) million. Compared to the comparison period, currency rate changes had a five percentage point positive impact on orders received. Service orders grew two percent from the comparison period and totalled EUR 880 (860) million. Of the 2015 orders, 50 percent were received by Kalmar, 27 percent by Hiab and 23 percent by MacGregor. In geographical terms, the share of orders received increased to 31 (25) percent in the Americas and decreased to 28 (33) percent in Asia-Pacific. EMEA's share of all orders was 41 (42) percent.

The order book declined six percent from the 2014 year-end level, and at the end of 2015 it totalled EUR 2,064 (31 Dec 2014: 2,200) million. Kalmar's order book totalled EUR 877 (805) million, representing 42 (37) percent, Hiab's EUR 305 (264) million or 15 (12) percent and that of MacGregor EUR 883 (1,131) million or 43 (51) percent of the consolidated order book.

Orders received by reporting segment

MEUR	**Q4/15**	Q4/14	Change	**Q1-Q4/15**	Q1-Q4/14	Change
Kalmar	**395**	378	4%	**1,764**	1,482	19%
Hiab	**250**	232	8%	**967**	909	6%
MacGregor	**180**	304	-41%	**828**	1,210	-32%
Internal orders	**0**	0		**-1**	-1	
Total	**824**	914	-10%	**3,557**	3,599	-1%

Orders received by geographical area

MEUR	**Q4/15**	Q4/14	Change	**Q1-Q4/15**	Q1-Q4/14	Change
EMEA	**373**	426	-12%	**1,471**	1,524	-4%
Asia-Pacific	**205**	256	-20%	**1,002**	1,195	-16%
Americas	**246**	232	6%	**1,085**	880	23%
Total	**824**	914	-10%	**3,557**	3,599	-1%

Sales

Fourth-quarter sales grew one percent from the comparison period, to EUR 977 (963) million. Compared to the comparison period, currency rate changes had a six percentage point positive impact on sales. Sales grew from the comparison period in Kalmar and Hiab, but declined in MacGregor. In geographic terms, sales grew in the Americas, but declined in EMEA and Asia-Pacific. Sales in services grew four percent from the comparison period and totalled EUR 230 (220) million, representing 24 (23) percent of consolidated sales.

Sales in 2015 grew 11 percent from the comparison period and totalled EUR 3,729 (3,358) million. Compared to the comparison period, currency rate changes had a seven percentage point positive impact on sales. Sales in services grew to EUR 883 (814) million, representing 24 (24) percent of sales. Sales grew in all geographical areas. EMEA's share of consolidated sales declined to 40 (43) percent, whereas that of Asia-Pacific grew to 32 (30) percent. Americas' share remained unchanged at 28 (27) percent. Services sales grew in all geographic areas.

Sales by reporting segment

MEUR	**Q4/15**	Q4/14	Change	**Q1-Q4/15**	Q1-Q4/14	Change
Kalmar	**468**	452	4%	**1,663**	1,487	12%
Hiab	**249**	211	18%	**928**	840	10%
MacGregor	**259**	301	-14%	**1,139**	1,034	10%
Internal sales	**0**	-1		**-1**	-3	
Total	**977**	963	1%	**3,729**	3,358	11%

Sales by geographical area

MEUR	**Q4/15**	Q4/14	Change	**Q1-Q4/15**	Q1-Q4/14	Change
EMEA	**402**	426	-6%	**1,472**	1,437	2%
Asia-Pacific	**298**	304	-2%	**1,199**	1,013	18%
Americas	**277**	233	19%	**1,058**	908	17%
Total	**977**	963	1%	**3,729**	3,358	11%

Financial result

Operating profit for the fourth quarter declined from the comparison period, totalling EUR 45.0 (63.0) million. Operating profit includes EUR 7.2 (8.5) million in restructuring costs. EUR 1.1 (0.7) million of the restructuring costs were related to Kalmar, EUR -0.3 (5.9) million to Hiab, and EUR 6.4 (1.9) million to MacGregor. In MacGregor, restructuring costs were related to adjustments to the challenging market situation.

Operating profit for the fourth quarter, excluding restructuring costs, was EUR 52.1 (71.5) million, representing 5.3 (7.4) percent of sales. Excluding restructuring costs, operating profit for Kalmar amounted to EUR 35.9 (34.3) million, Hiab EUR 30.7 (17.8) million, and MacGregor EUR -7.2 (24.0) million. Kalmar's operating profit slightly improved from the comparison period and was at the level of the third quarter. However, operating profit margin declined from the third quarter due to deliveries weighting towards lower margin deliveries as well as higher R&D costs. Hiab's profitability was strong, with the operating profit margin exceeding 10 percent as in the two previous quarters. MacGregor's gross margin was at the level of the previous quarters, but operating profit was burdened by indirect costs as benefits from the restructuring measures will have an impact first in 2016. MacGregor's operating profit also includes a EUR 11 million one-time cost related to a commercial settlement with a customer.

Operating profit in 2015 clearly improved from the comparison period, totalling EUR 213.1 (126.6) million. Operating profit includes EUR 17.7 (22.7) million in restructuring costs. EUR 2.5 (1.5) million of the restructuring costs were related to Kalmar, EUR 0.9 (18.5) million to Hiab, EUR 14.3 (2.3) million to MacGregor, and EUR 0.0 (0.4) million to corporate administration and support functions.

Operating profit in 2015 excluding restructuring costs totalled EUR 230.7 (149.3) million, representing 6.2 (4.4) percent of sales. Excluding restructuring costs, operating profit for Kalmar amounted to EUR 129.9 (56.8) million, Hiab EUR 100.5 (61.0), and MacGregor EUR 30.1 (53.9) million. The comparison period included EUR 52 million in project cost overruns in Kalmar. Kalmar's and Hiab's operating profit improved as a result of profit improvement measures undertaken during the past two years. In addition to a EUR 11 million one-time cost related to a commercial settlement with a customer, MacGregor's operating profit was burdened by deliveries weighting towards low margin bulk ships and offshore vessels as well as relatively higher indirect costs in the second half of the year as the restructuring carried-out will have an impact first in 2016.

Net interest expenses for interest-bearing debt and assets for the fourth quarter totalled EUR 4.8 (8.7) million. Net financing expenses totalled EUR 8.0 (9.6) million. Net interest expenses for interest-bearing debt and assets in 2015 totalled EUR 20.6 (30.1) million and net financing expenses EUR 26.9 (28.4) million.

Net income for the fourth quarter totalled EUR 35.4 (40.6) million, and earnings per share EUR 0.55 (0.63). Net income in 2015 totalled EUR 142.9 (72.0) million, and earnings per share EUR 2.21 (1.11).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 3,571 (31 Dec 2014: 3,652) million at the end of 2015. Equity attributable to equity holders was EUR 1,339 (1,209) million, representing EUR 20.73 (18.76) per share. Property, plant and equipment on the balance sheet was EUR 306 (303) million and intangible assets were EUR 1,249 (1,247) million.

Return on equity (ROE, annualised) in 2015 increased to 11.2 (5.9) percent, and return on capital employed (ROCE, annualised) increased to 9.8 (6.2) percent.

Cash flow from operating activities in 2015, before financial items and taxes, totalled EUR 315 (204) million. Net working capital decreased from EUR 186 million at the end of 2014 to EUR 151 million.

Cargotec's liquidity position is healthy. At the end of 2015, interest-bearing net debt totalled EUR 622 (31 Dec 2014: 719) million. Interest-bearing debt amounted to EUR 803 (932) million, of which EUR 69 (193) million was current and EUR 734 (739) million non-current debt. On 31 December 2015, the average interest rate on the loan portfolio was 2.2 (2.4) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 180 (31 Dec 2014: 213) million.

In May, in order to further strengthen its liquidity and financial position and to take advantage of loan market conditions, Cargotec refinanced its EUR 200 million bank loans originally maturing in 2016. Of these new loans, EUR 150 million will mature in 2018 and EUR 50 million in 2019.

At the end of 2015, Cargotec's total equity/total assets ratio was 39.8 (31 Dec 2014: 35.9) percent. Gearing decreased to 46.4 (59.2) percent, below the 50 percent target level. Dividend payment in 2015 totalled EUR 36.1 (27.6) million.

Corporate topics

Research and development

Research and product development expenditure in 2015 totalled EUR 82.8 (67.3) million, representing 2.2 (2.0) percent of sales. EUR 4.3 (5.0) million was capitalised. Research and product development investments were focused on projects that aim to improve the competitiveness and cost efficiency of products.

Kalmar

At the end of 2015, Kalmar introduced the industry first fast charging solution for electric powered shuttle and straddle carriers. The solution is emission-free and can be applied to both automated and manual operation.

Earlier during the year, Kalmar launched a new terminal tractor for the European market, with benefits such as enhanced driver safety and efficiency, reduced lifetime cost of ownership, as well as modular construction ensuring manufacturing flexibility. Additionally, Kalmar and Navis introduced Kalmar OneTerminal, the industry's first integrated offering for automated container terminals consisting of software, equipment and services and providing three initial terminal concepts.

During the first half of the year, Kalmar presented its next-generation automatic stacking crane (ASC) system, at the heart of which is the new 5th generation ASC. Kalmar also presented Kalmar K-Motion technology for its reachstackers. K-Motion is an innovative drive train system with efficient transmission technologies – both hydrostatic and mechanical – in combination with smart programming.

Early in 2015, Kalmar introduced new heavy forklift trucks in the 18–33 tonne capacity range, as well as a new reachstacker for empty container handling.

Hiab

In 2015, Hiab introduced several new products. Five new loader crane models were introduced to the high capacity range to lift heavy and bulk materials. A new loader crane targeted specifically for the German market was introduced to the mid capacity range. All of these loader cranes have been designed for use where a high load-cycle speed and precision are required. Hiab also launched a new safety system for its heavy crane range that automatically regulates crane capacity in relation to the actual stability of the vehicle whilst it is working. It is designed to protect the crane operator, people nearby and the crane and vehicle outfit.

During the year, Hiab presented to the North American market the first of its new long boom cranes, specifically designed for the drywall and building materials industry.

Hiab also introduced a new forestry crane and a new-generation cabin. The forestry crane's high lift/weight ratio for a higher payload ensures that the customer can move more timber. The larger-than-before window area in the cabin increases safety. Hiab also launched the new HIAB Z-series loader cranes, which can be folded into a Z position and parked behind the driver's cab with tools still attached.

Additionally, Hiab introduced a new-generation skiploader. The new skiploader has over 100 smart and safe innovations, such as a steel construction that enables a 300–500 kg higher payload. Hiab also launched its 12 T-series light range loader cranes featuring hybrid technology. Their hybrid operating system is environmentally friendly, since it saves fuel due to the batteries being charged while the engine is running.

A completely new 750 kg ultra-light weight cantilever tail lift for the 3.5 t transport vehicle segment was launched during the first part of the year. Its rapid operation creates competitive frequent usage while its stability provides a safe working environment.

MacGregor

In 2015, MacGregor and Maersk Line, part of the Maersk Group, agreed to cooperate on the development of the next generation of container securing systems. The companies have cooperated within securing systems since the container ship sizes started to grow from feeder sizes to the present ultra-large container ships.

Earlier during the year, MacGregor completed the installation of the Floating Production Storage Offload (FPSO) unit 'Goliat' in the Barents Sea. The unit uses an innovative Pusnes mooring system developed in close cooperation with the client to ensure reliable operation in extreme conditions over its 30-year lifespan.

Additionally, MacGregor introduced a semi-electric offshore knuckle boom crane and an electrically driven active heave-compensated (AHC) option for anchor handling winches. MacGregor also established a cross-divisional technology, sourcing and QEHS (quality, environment, health & safety) function to ensure a stronger focus on R&D collaboration within divisions in product development.

Capital expenditure

Capital expenditure in 2015, excluding acquisitions and customer financing, totalled EUR 38.2 (37.7) million. Investments in customer financing were EUR 40.6 (41.6) million. Depreciation, amortisation and impairment amounted to EUR 76.5 (81.2) million.

During the second quarter, Kalmar decided to invest around three million euros in a new port automation testing and development platform at its Technology and Competence Centre in Tampere, Finland. The platform will primarily be used for testing in customer projects and new product releases. The investment includes all modules required to run an automated container yard operation, including a total automation system, a new automatic stacking crane (ASC) and the R&D work required for deployment. The testing platform is expected to be fully operational in early 2016.

Personnel

Cargotec employed 10,837 (31 Dec 2014: 10,703) people at the end of 2015. Kalmar employed 5,328 (5,219) people, Hiab 2,757 (2,572), MacGregor 2,543 (2,737), and corporate administration and support functions 209 (176). The average number of employees in 2015 was 10,772 (10,838).

At 2015 year-end, 12 (31 Dec 2014: 13) percent of the employees were located in Sweden, 8 (8) percent in Finland and 38 (37) percent in the rest of Europe. Asia-Pacific personnel represented 25 (25) percent, North and South American 14 (14) percent, and the rest of the world 2 (2) percent of total employees.

In August, MacGregor announced plans to reduce its workforce in Uetersen, Germany, to restructure the operations to the weak market demand. The target is to reach annual savings of EUR 7 million as of 2016, and the initiated measures were estimated to create restructuring costs of EUR 5 million in 2015. In relation to these measures, EUR 5.3 million in restructuring costs were booked in the second half. The capacity adjustment measures had an impact on approximately 100 employees by the end of 2015. In addition, during the third quarter, MacGregor initiated several smaller restructuring measures globally in its units mainly due to low demand in the offshore segment. In relation to these measures, EUR 4.5 million in restructuring costs were booked in the fourth quarter.

The savings measures announced in April in MacGregor have been completed. As a result, some 200 employees were reduced globally. The target is to achieve annual savings of EUR 20 million. In relation to these measures, EUR 4.5 million in restructuring costs were booked in April–September.

Salaries and remunerations to employees totalled EUR 538 (506) million in 2015.

At the end of 2015, Cargotec conducted a company-wide employee engagement survey, Compass. The survey was completed at the end of the year with an 86% participation rate (2014: 75%). Its results show a consistent positive trend in all categories, such as in employee engagement and overall work satisfaction. Particulary significant was the result improvement in terms of manager effectiveness, understanding of the company strategy and in the performance climate. A detailed result analysis and action planning together with employees has started.

New strategy and financial targets

Cargotec's ambition is to become the leader in intelligent cargo handling by building on services, digitalisation and people leadership. Cargotec will invest in R&D, digitalisation and developing internal capabilities in order to speed up this transformation and support profitable growth.

The goal for each of the three business areas is to reach 10 percent operating profit margin (EBIT) over the cycle and grow faster than the market. Cargotec's goals are to reach 15 percent return on capital employed (ROCE pre-tax) over the cycle, gearing below 50 percent, as well as dividend payout of 30–50 percent of earnings per share.

Corporate responsibility

In 2015, sustainability work at Cargotec focused on integrating sustainability and the Cargotec strategy. New Cargotec level targets were not set; businesses continued implementing the 2014 targets and developing continuous improvement. In addition, businesses developed their own management processes as well as their respective sustainability targets.

In Cargotec-level targets, the focus was on widening the reporting of key environmental and safety figures and further developing safety in the working environment of production sites. Hiab and Kalmar achieved clear improvements in the safety practices of production sites and management processes. The follow-up of key environmental and safety figures was significantly improved in all business areas, and the key figures for 2015 will be assured by an external service provider. At MacGregor, re-organisations created challenges in reaching sustainability targets. The outlook for reaching the 2016 targets is good, and developed management practices support the progress of the sustainability work.

Cargotec will publish its Sustainability Report in March 2016.

Internal control and risk management

The objective of Cargotec’s internal control is to ensure that operations are efficient and profitable, risk management is adequate and appropriate, and that financial and other information produced is reliable. Cargotec’s internal control is based on the code of conduct. With respect to the financial reporting process, these are supported by Cargotec’s policies and guidelines, as well as its internal financial reporting process and communication. Cargotec’s internal control policy, which is approved by the Board of Directors, specifies the applicable control principles, procedures and responsibilities. Similarly to other Cargotec operations, responsibility for internal control is divided into three tiers. The line management is principally responsible for internal control. This is backed by corporate support functions, which define instructions applicable across the company and supervise risk management. Internal and external audits form the third tier, their task being to ensure that the first two tiers function effectively.

Cargotec’s Corporate Audit is an independent and objective assurance and consulting activity that operates separately from the operative organisation and reports to the Board Audit and Risk Management Committee and, administratively, to the President and CEO. Corporate Audit takes account of the major risks identified in the company’s risk map when developing the audit plan and monitors the mitigation of selected risks. It regularly reports on its findings and audit activities to the company management and the Board Audit and Risk Management Committee.

At Cargotec, risk management forms part of internal control operations. Approved by the Board of Directors, the risk management policy specifies the objectives and principles of the risk management as well as the responsibilities involved. The President and CEO and the Executive Board are responsible for the methods, implementation and supervision of risk management, and report on these to the Board of Directors. Cargotec’s risk management is spread across units and corporate support functions that assign responsibility for risk management and which are in charge of identifying, managing and reporting risks. Financial risks are centrally managed by the

Corporate Treasury, and reported on for corporate management and the Board of Directors on a regular basis.

Market development, corporate restructuring, China and digitalisation were the main market-related areas where risks were identified for Cargotec in 2015. Operational risks were related to performance culture, leadership and talent allocation, legal and contract risks, and information security. Employee, customer and third-party health, safety and environmental risks are carefully considered and continuously monitored as top priorities in Cargotec's risk evaluation and management processes.

Executive Board

On 31 December 2015, Cargotec's Executive Board included President and CEO Mika Vehviläinen; Executive Vice President and CFO Eeva Sipilä; Senior Vice President, Human Resources, Mikko Pelkonen; Senior Vice President, Strategy, Mikael Laine; and business area presidents Olli Isotalo (Kalmar), Roland Sundén (Hiab) and Michel van Roozendaal (MacGregor). Senior Vice President, General Counsel Outi Aaltonen acted as Secretary to the Executive Board.

Reporting segments

Kalmar

MEUR	**Q4/15**	Q4/14	Change	**Q1-Q4/15**	Q1-Q4/14	Change
Orders received	**395**	378	4%	**1,764**	1,482	19%
Order book, end of period	**877**	805	9%	**877**	805	9%
Sales	**468**	452	4%	**1,663**	1,487	12%
Sales of services	**116**	110		**433**	395	
% sales	**25**	24		**26**	27	
Operating profit/loss (EBIT)	**34.8**	33.6		**127.3**	55.3	
% sales	**7.4**	7.4		**7.7**	3.7	
Operating profit/loss (EBIT)*	**35.9**	34.3		**129.9**	56.8	
% sales*	**7.7**	7.6		**7.8**	3.8	
Personnel, end of period	**5,328**	5,219		**5,328**	5,219	

*excluding restructuring costs

In the fourth quarter, orders received by Kalmar grew four percent from the comparison period to EUR 395 (378) million. Kalmar's orders received in 2015 increased 19 percent from comparison period, and were EUR 1,764 (1,482) million. Order book grew nine percent from the 2014 year-end, and at the end of the year it totalled EUR 877 (31 Dec 2014: 805) million.

Major orders received by Kalmar in 2015 included:

- 27 straddle carriers to the USA,
- a repeat order of 15 all-electric rubber-tyred gantry cranes (RTG) to Greece,
- 23 RTGs and 79 terminal tractors to Colombia,
- upgrading of eight ship-to-shore cranes in Spain,
- a further eight automatic stacking cranes and related automation to a new terminal under implementation in Australia,
- a repeat order for nine zero-emission electric RTGs to Greece,
- two automatic stacking cranes (ASC) to Australia and two 5th generation ASCs to the USA,
- 18 rough terrain container handlers to the USA,
- 18 heavy forklift trucks for a logistics operator in Brazil,
- a turnkey heightening of three ship-to-shore cranes in Belgium,
- 58 terminal tractors, five reachstackers and four RTGs to the Philippines,
- a significant further port automation contract to the UK,
- 512 terminal tractors to dealers in North America,
- three hybrid shuttle carriers to the USA, as well as
- an integrated automation system for a new automated container terminal in Australia.

Kalmar's fourth-quarter sales grew four percent from the comparison period and totalled EUR 468 (452) million. Sales for services grew six percent from the comparison period and amounted to EUR 116 (110) million, representing 25 (24) percent of sales. Kalmar's 2015 sales grew 12 percent from the comparison period to EUR 1,663 (1,487) million. Sales for services grew 10 percent from the comparison period to EUR 433 (395) million, representing 26 (27) percent of sales.

Kalmar's fourth-quarter operating profit totalled EUR 34.8 (33.6) million. Operating profit includes EUR 1.1 (0.7) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 35.9 (34.3) million, representing 7.7 (7.6) percent of sales. Operating profit margin declined from the third quarter due to deliveries weighting towards lower margin deliveries as well as higher R&D costs.

Kalmar's operating profit for 2015 more than doubled from the comparison period and totalled EUR 127.3 (55.3) million. Operating profit includes EUR 2.5 (1.5) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 129.9 (56.8) million, representing 7.8 (3.8) percent of sales. The comparison period included EUR 52 million in project cost overruns. The improvement in profitability resulted from investments in more competitive products, strengthened market position as well as successful execution of measures undertaken to improve profitability.

Hiab

MEUR	**Q4/15**	Q4/14	Change	**Q1-Q4/15**	Q1-Q4/14	Change
Orders received	**250**	232	8%	**967**	909	6%
Order book, end of period	**305**	264	15%	**305**	264	15%
Sales	**249**	211	18%	**928**	840	10%
Sales of services	**56**	49		**218**	196	
% sales	**22**	23		**23**	23	
Operating profit/loss (EBIT)	**31.0**	11.9		**99.6**	42.5	
% sales	**12.4**	5.6		**10.7**	5.1	
Operating profit/loss (EBIT)*	**30.7**	17.8		**100.5**	61.0	
% sales*	**12.3**	8.4		**10.8**	7.3	
Personnel, end of period	**2,757**	2,572		**2,757**	2,572	

*excluding restructuring costs

Hiab's orders received for the fourth quarter increased eight percent from the comparison period and totalled EUR 250 (232) million. In 2015, Hiab's orders received increased six percent from the comparison period and totalled EUR 967 (909) million. During the year, Hiab received several large orders: an order for over 1,200 loader cranes from India, two significant truck-mounted forklift orders from the USA, as well as loader crane orders from Australia, one consisting of an order for 90 loader cranes and their installation and the other for 30 loader cranes used in steel transportation. Otherwise, orders during the year consisted of small, individual orders typical of the business. The order book grew 15 percent from 2014 year-end, totalling EUR 305 (31 Dec 2014: 264) million at the end of 2015.

Hiab's fourth-quarter sales grew 18 percent from the comparison period and totalled EUR 249 (211) million. Sales for services amounted to EUR 56 (49) million, representing 22 (23) percent of sales. Hiab's 2015 sales grew ten percent from the comparison period and amounted to EUR 928 (840) million. Sales for services totalled EUR 218 (196) million, or 23 (23) percent of sales.

Operating profit for Hiab in the fourth quarter more than doubled from the comparison period and totalled EUR 31.0 (11.9) million. Operating profit includes EUR -0.3 (5.9) million in restructuring costs. Operating profit, excluding restructuring costs, amounted to EUR 30.7 (17.8) million, representing 12.3 (8.4) percent of sales.

Hiab's operating profit for 2015 more than doubled from the comparison period to EUR 99.6 (42.5) million. Operating profit includes EUR 0.9 (18.5) million in restructuring costs. Operating profit, excluding restructuring costs, totalled EUR 100.5 (61.0), representing 10.8 (7.3) percent of sales. The continuous improvement in profitability over several quarters is the result of investments in more competitive products and determined execution of measures undertaken to improve profitability.

MacGregor

MEUR	**Q4/15**	Q4/14	Change	**Q1-Q4/15**	Q1-Q4/14	Change
Orders received	**180**	304	-41%	**828**	1,210	-32%
Order book, end of period	**883**	1,131	-22%	**883**	1,131	-22%
Sales	**259**	301	-14%	**1,139**	1,034	10%
Sales of services	**58**	62		**232**	224	
% sales	**22**	21		**20**	22	
Operating profit/loss (EBIT)	**-13.6**	22.1		**15.8**	51.7	
% sales	**-5.2**	7.3		**1.4**	5.0	
Operating profit/loss (EBIT)*	**-7.2**	24.0		**30.1**	53.9	
% sales*	**-2.8**	8.0		**2.6**	5.2	
Personnel, end of period	**2,543**	2,737		**2,543**	2,737	

*excluding restructuring costs

MacGregor's orders for the fourth quarter declined 41 percent from the comparison period to EUR 180 (304) million. More than 60 percent of the orders received were related to merchant ships and around 40 percent were offshore vessel-related. MacGregor's orders for 2015 declined 32 percent and totalled EUR 828 (1,210) million. The order book decreased 22 percent from the 2014 year-end, totalling EUR 883 (31 Dec 2014: 1,131) million at the end of 2015. Two thirds of the order book is merchant ship-related and one third is offshore vessel-related.

Major orders received by MacGregor in 2015 included:

- heavy lift cranes, Hatlapa deck machinery and Porsgrunn steering gear for six Ecolift vessels from China,
- a breakthrough order for Pusnes mooring systems for the world's first floating offshore wind farm project in Scotland,
- comprehensive RoRo access equipment packages for two RoRo carriers from South Korea,
- design and delivery of key components and the fabrication of steel structures for the hatch covers for six container vessels to Japan,
- a USD 21 million order for optimised cargo handling systems for five container vessels from South Korea,
- comprehensive RoRo equipment packages for five pure car/truck carriers to China,
- a comprehensive equipment package from the combined MacGregor and Hatlapa portfolio for two bulk carriers to China,
- two offshore lattice boom cranes to Singapore,
- a range of Hatlapa deck equipment for 10 liquefied natural gas (LNG) carriers to South Korea,
- Pusnes bow loading systems for three shuttle tankers to South Korea,
- Triplex shark jaws and guide pins and two cranes to Brazil,
- two subsea knuckle boom cranes to China, as well as

- RoRo cargo access and handling equipment to Finland.

MacGregor's fourth-quarter sales declined 14 percent from the comparison period to EUR 259 (301) million. The share of services sales was 22 (21) percent, or EUR 58 (62) million. MacGregor's 2015 sales grew ten percent from the comparison period to EUR 1,139 (1,034) million. Sales for services totalled EUR 232 (224) million, representing 20 (22) percent of sales.

MacGregor's operating profit for the fourth quarter totalled EUR -13.6 (22.1) million. Operating profit includes EUR 6.4 (1.9) million in restructuring costs and EUR 2.4 (2.5) million in amortisation and depreciation of fixed assets related to business acquisitions. Restructuring costs were related to adjustments to the challenging market situation. Operating profit, excluding restructuring costs, totalled EUR -7.2 (24.0) million, representing -2.8 (8.0) percent of sales. Operating profit also includes a EUR 11 million one-time cost related to a commercial settlement with a customer. Fourth-quarter gross margin was at the level of the previous quarters, but operating profit was burdened by indirect costs as benefits from the restructuring measures will have an impact first in 2016.

MacGregor's operating profit for 2015 amounted to EUR 15.8 (51.7) million. Operating profit includes EUR 14.3 (2.3) million in restructuring costs and EUR 10.3 (10.0) million in amortisation and depreciation of fixed assets related to business acquisitions. Restructuring costs were related to adjustments to the challenging market situation. Operating profit, excluding restructuring costs, totalled EUR 30.1 (53.9) million, representing 2.6 (5.2) percent of sales. Operating profit also includes a EUR 11 million one-time cost related to a commercial settlement with a customer. In addition, operating profit margin was burdened by deliveries weighting towards low margin bulk ships and offshore vessels as well as relatively higher indirect costs in the second half of the year as the restructuring carried-out will have an impact first in 2016.

Annual General Meeting and shares

Decisions taken at Cargotec Corporation’s Annual General Meeting

Cargotec Corporation’s Annual General Meeting (AGM), held on 18 March 2015, approved the 2014 financial statements and consolidated financial statements, discharging the President and CEO and members of the Board of Directors from liability for the accounting period 1 January–31 December 2014. The Annual General Meeting approved a dividend of EUR 0.54 be paid for each of class A shares and a dividend of EUR 0.55 be paid for each of class B shares. The dividend payment date was 27 March 2015.

The Annual General Meeting authorised the Board of Directors to decide on the repurchase of own shares with non-restricted equity. Altogether no more than 952,000 class A shares and 5,448,000 class B shares may be purchased. The authorisation shall remain in effect for a period of 18 months from the resolution by the Annual General Meeting. More detailed information on the authorisation was published in a stock exchange release on the day of the AGM, 18 March 2015.

The number of ordinary members of the Board of Directors was confirmed at seven. Jorma Eloranta, Tapio Hakakari, Ilkka Herlin, Peter Immonen, Antti Lagerroos, Teuvo Salminen and Anja Silvennoinen were re-elected to the Board of Directors. The meeting decided to keep the yearly remuneration for the Board of Directors unchanged as follows: a yearly remuneration of EUR 80,000 will be paid to the Chairman of the Board, EUR 55,000 to the Vice Chairman, EUR 55,000 to the Chairman of the Audit and Risk Management Committee, and EUR 40,000 to the other Board members. In addition, it was decided that the members receive EUR 1,000 for attendance at board and committee meetings. The meeting decided that 30 percent of the yearly remuneration will be paid in Cargotec's class B shares and the rest in cash.

The Annual General Meeting elected authorised public accountants Tomi Hyryläinen and PricewaterhouseCoopers Ltd as auditors. The auditors' fees were decided to be paid according to invoice approved by the company.

Organisation of the Board of Directors

On 18 March 2015, the Board of Directors elected Ilkka Herlin to continue as Chairman of the Board. Tapio Hakakari was elected to continue as Vice Chairman. Outi Aaltonen, Senior Vice President, General Counsel, continues as Secretary to the Board.

Ilkka Herlin, Teuvo Salminen (chairman) and Anja Silvennoinen 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 in remuneration under their ownership for at least two years from the day they obtained them. The shares will be purchased at market price on a quarterly basis.

Shares and trading

Share capital, own shares and share issue

Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of 2015. The number of class B shares was 55,164,983, while the number of class A shares totalled 9,526,089. During the year, the number of class B shares increased by 253,774 as a result of the subscription for shares under the 2010 option rights. The entire subscription price of EUR 4,588,185.70 was credited to the reserve for invested non-restricted equity, meaning that Cargotec's share capital remained unchanged.

On 31 December 2015, class B shares accounted for 85.3 (85.2) percent of the total number of shares and 36.7 (36.6) percent of votes. Class A shares accounted for 14.7 (14.8) percent of the total number of shares and 63.3 (63.4) percent of votes. The total number of votes attached to all shares was 15,039,972 (15,014,329). At the end of 2015, Cargotec Corporation had 24,705 (28,031) registered shareholders. There were 13,127,208 (10,023,740) nominee-registered shares, representing 20.3 (15.6) percent of the total number of shares, which corresponds to 8.7 (6.7) percent of all votes.

In September, Cargotec repurchased a total of 92,700 of its own class B shares based on the authorisation of the AGM on 18 March 2015 for a total cost of EUR 2,409,009.00. The shares were repurchased for use as reward payments for the share-based incentive programme 2014 and for restricted share grants 2015 and 2016. Payments and grants will be realised as per their respective terms and conditions, starting on 1 March 2016 at the earliest.

On 19 March 2015, Cargotec repurchased 28,030 of its own class B shares based on the authorisation of the AGM on 18 March 2015 for a total cost of EUR 940,317.79. Shares were repurchased for the share-based incentive programme 2014. Based on the authorisation granted by the 2014 AGM, the Board decided on 18 March 2015 on a directed share issue as a reward payment for the restricted shares under this share-based incentive programme. These shares were transferred without consideration to those employees participating in the restricted shares programme who fulfilled the earnings criteria.

At the end of 2015, Cargotec held a total of 92,700 own class B shares, accounting for 0.14 percent of the total number of shares and 0.06 percent of the total number of votes, and the number of outstanding class B shares totalled 55,072,283.

Share-based incentive programmes

In February 2015, Cargotec's Board of Directors approved a new long-term incentive programme for key personnel at Cargotec for 2015–2018. The programme is similar in form to the one approved a year earlier covering 2014–2017. The number of participants is 85 persons, including Cargotec's President and CEO and members of the Executive Board. This new programme consists of two phases. The first phase included specific financial performance targets for the year 2015 (business area or corporate return on capital employed, ROCE). The second phase consists of an additional earnings multiplier, which is based on Cargotec's total shareholder return (TSR) at the end of a three-year performance period in 2017.

The potential reward will be delivered in Cargotec class B shares in the beginning of 2018. The gross reward, before deduction for the applicable taxes and employment related expenses, is in the range of 25–120 percent of the annual base salary for on-target performance (for maximum performance the range is 75–360 percent of the annual base salary). If the performance remains on target for the maximum number of participants, the cost of the programme for the three-year period would be approximately EUR 6.5 million (for maximum performance approximately EUR 19 million). If the financial performance threshold levels are not met, there will not be any incentive payment.

Based on the first phase of the programme, 62 participants will be rewarded.

No new shares will be issued in connection with the above programme and, therefore, the programme will have no diluting effect.

Option programme

The 2010 AGM confirmed the issue of stock options for key personnel at Cargotec and its subsidiaries. The programme includes 2010A, 2010B and 2010C stock options, with 400,000 stock options in each series and each stock option entitling its holder to subscribe for one (1) new class B share in Cargotec. For share subscription to commence, the required attainment of targets is determined by the Board of Directors. A total of 378,864 2010B stock options and 400,000 2010C stock options held by the company were cancelled, as the earnings criteria for the stock options were not fulfilled. 2010A and 2010B stock options are listed on the main list of Nasdaq Helsinki Ltd.

The share subscription period with 2010A stock options ended on 30 April 2015. During the subscription period, a total of 384,912 class B shares were subscribed for. After the end of the share subscription period, the unused 2010A stock options were null and void.

The share subscription period for 2010B stock options is from 1 April 2014 to 30 April 2016. The share subscription price at the end of 2015 was EUR 28.54 per share, and the number of 2010B stock options was 19,856.

Market capitalisation and trading

At the end of 2015, the total market value of class B shares was EUR 1,900 (1,403) million, excluding own shares held by the company. The year-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 2,228 (1,647) million, excluding own shares held by the company.

The class B share closed at EUR 34.50 (25.55) on the last trading day of December on Nasdaq Helsinki Ltd. The volume-weighted average share price for the financial period was EUR 31.58 (27.65), the highest quotation being EUR 37.37 (34.67) and the lowest EUR 23.70 (20.57). In 2015, a total of 58 (54) million class B shares were traded on Nasdaq Helsinki Ltd, corresponding to a turnover of EUR 1,837 (1,486) million. In addition, according to Fidessa, a total of 62 (61) million class B shares were traded in several alternative marketplaces, such as BATS Chi-X CXE and BATS OTC, corresponding to a turnover of EUR 1,966 (1,743) million.

Events after the financial period

On 3 February 2016, Cargotec announced that Cargotec's CFO Eeva Sipilä will leave Cargotec to take up the position of CFO at Metso Corporation. Eeva Sipilä will continue in her current position and as a member of Cargotec's Executive Board latest until the end of July 2016. The process for finding her successor has been started.

In January 2016, Cargotec agreed to acquire INTERSCHALT maritime systems AG, the leading specialist software and related service provider to the maritime industry. The acquisition will complement Cargotec's strategic aim of being the leader in intelligent cargo handling. Cargotec will gain more competence in technologically advanced software and service solutions and attain a global footprint with branch offices, services stations and partner representations. INTERSCHALT's sales in 2014 amounted to EUR 42 million and it employs over 200 people. The closing of the transaction is expected to take place in the first quarter of 2016 and is subject to the approval of competition authorities.

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. Uncertainty related to economic developments is estimated to continue. The slowdown in global economic growth has reduced growth in container traffic, which, if it continues, may have an impact on the decision-making of Kalmar's customers. Such uncertainty may be increased by risks stemming from political uncertainty, 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 in particular involves a range of uncertainties. It is anticipated that the oversupply in the merchant ship market will take longer to balance out than expected, since capacity will continue to increase – especially in bulk carriers – 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 oil industry and created oversupply in the offshore market. This complicates demand forecasting for MacGregor offshore solutions. The concurrent deterioration in both markets has a negative impact on the financial situation of shipyards and ship owners, as well as ship operators. Furthermore, in the challenging market situation, customers may also try to postpone or cancel orders.

More information on risks is available at www.cargotec.com, under Investors > Governance > Internal control and risk management > Risk management in 2015.

Board of Directors' proposal on the distribution of profit

The parent company's distributable equity on 31 December 2015 was EUR 1,188,036,043.67 of which net income for the period was EUR 154,716,949.06. The Board of Directors proposes to the AGM convening on 22 March 2016 that of the distributable profit, a dividend of EUR 0.79 for each of the 9,526,089 class A shares and EUR 0.80 for each of the 55,072,283 outstanding class B shares be paid, totalling EUR 51,583,436.71. The remaining distributable equity, EUR 1,136,452,606.96, will be retained and carried forward.

No significant changes have occurred in the Cargotec's financial position after the end of the financial year. Liquidity is healthy and the proposed distribution of dividend poses no risk on the company's financial standing.

Outlook for 2016

Cargotec's 2016 sales are expected to be at the 2015 level (EUR 3,729 million) or slightly below. Operating profit excluding restructuring costs for 2016 is expected to improve from 2015 (EUR 230.7 million).

Annual General Meeting 2016

The Annual General Meeting of Cargotec Corporation will be held at the Marina Congress Center in Helsinki on Tuesday, 22 March 2016 at 1.00 p.m. EET.

Financial calendar 2016

Financial statements and annual report 2015 on week 7 at www.cargotec.com
Annual General Meeting, Tuesday, 22 March 2016
January–March 2016 interim report, Friday, 29 April 2016
January–June 2016 interim report, Wednesday, 20 July 2016
January–September 2016 interim report, Tuesday, 25 October 2016

Helsinki, 9 February 2016
Cargotec Corporation
Board of Directors

Consolidated statement of income

MEUR	**10-12/2015**	**10-12/2014**	**1-12/2015**	**1-12/2014**
Sales	**976.5**	**963.2**	**3,729.3**	**3,357.8**
Cost of goods sold	-768.9	-764.8	-2,942.0	-2,723.3
Gross profit	**207.6**	**198.3**	**787.3**	**634.5**
Gross profit, %	*21.3*	*20.6*	*21.1*	*18.9*
Other operating income	11.4	15.7	40.4	48.1
Selling and marketing expenses	-56.7	-50.6	-210.4	-190.5
Research and development expenses	-24.8	-19.7	-85.2	-69.3
Administration expenses	-75.1	-63.2	-264.3	-228.4
Restructuring costs	-7.2	-8.5	-17.7	-22.7
Other operating expenses	-10.5	-10.9	-39.8	-50.5
Costs and expenses	-162.8	-137.2	-577.1	-513.2
Share of associated companies' and joint ventures' net income	0.1	1.8	2.8	5.3
Operating profit	**45.0**	**63.0**	**213.1**	**126.6**
Operating profit, %	*4.6*	*6.5*	*5.7*	*3.8*
Financing income and expenses	-8.0	-9.6	-26.9	-28.4
Income before taxes	**36.9**	**53.4**	**186.2**	**98.2**
Income before taxes, %	*3.8*	*5.5*	*5.0*	*2.9*
Income taxes	-1.5	-12.8	-43.3	-26.1
Net income for the period	**35.4**	**40.6**	**142.9**	**72.0**
Net income for the period, %	*3.6*	*4.2*	*3.8*	*2.1*
Net income for the period attributable to:				
Equity holders of the parent	35.4	40.5	143.0	71.4
Non-controlling interest	0.0	0.1	-0.1	0.6
Total	**35.4**	**40.6**	**142.9**	**72.0**
Earnings per share for profit attributable to the equity holders of the parent:				
Basic earnings per share, EUR	0.55	0.63	2.21	1.11
Diluted earnings per share, EUR	0.55	0.63	2.21	1.11

Consolidated statement of comprehensive income

MEUR	10–12/2015	10–12/2014	1–12/2015	1–12/2014
Net income for the period	35.4	40.6	142.9	72.0
Items that will not be reclassified to statement of income:				
Defined benefit plan acturial gains (+) / losses (-)	4.5	-9.2	3.0	-10.1
Taxes relating to items that will not be reclassified to statement of income	-0.9	1.7	-0.4	1.8
Total	**3.6**	**-7.5**	**2.6**	**-8.3**
Items that may be reclassified subsequently to statement of income:				
Gains (+) / losses (-) on cash flow hedges	-7.7	-20.2	-11.1	-45.1
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	-2.5	0.7	3.6	10.4
Gains (+) / losses (-) on net investment hedges	-4.0	-	-4,0	-
Translation differences	26.5	-35.6	36.0	-54.8
Taxes relating to items that may be reclassified subsequently to statement of income	-2.0	15.0	-10.1	26.6
Total	**10.3**	**-40.1**	**14.4**	**-62.9**
Comprehensive income for the period	**49.3**	**-7.0**	**159.9**	**0.8**
Comprehensive income for the period attributable to:				
Equity holders of the parent	49.3	-7.0	160.0	0.0
Non-controlling interest	0.0	0.0	0.0	0.8
Total	**49.3**	**-7.0**	**159.9**	**0.8**

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

Consolidated balance sheet

ASSETS, MEUR	31 Dec 2015	31 Dec 2014
Non-current assets		
Goodwill	976.4	962.9
Other intangible assets	272.4	284.4
Property, plant and equipment	306.0	302.9
Investments in associated companies and joint ventures	116.7	104.8
Available-for-sale investments	3.8	3.8
Loans receivable and other interest-bearing assets*	2.0	3.4
Deferred tax assets	183.5	178.0
Derivative assets	35.3	15.5
Other non-interest-bearing assets	5.7	5.8
Total non-current assets	**1,901.8**	**1,861.5**
Current assets		
Inventories	655.4	690.5
Loans receivable and other interest-bearing assets*	2.6	4.4
Income tax receivables	20.0	24.5
Derivative assets	36.7	20.5
Accounts receivable and other non-interest-bearing assets	778.4	845.4
Cash and cash equivalents*	175.8	205.4
Total current assets	**1,668.9**	**1,790.8**
Total assets	**3,570.7**	**3,652.3**

EQUITY AND LIABILITIES, MEUR	31 Dec 2015	31 Dec 2014
Equity attributable to the equity holders of the parent		
Share capital	64.3	64.3
Share premium account	98.0	98.0
Translation differences	47.7	26.7
Fair value reserves	-26.7	-20.1
Reserve for invested non-restricted equity	76.1	74.9
Retained earnings	1,079.9	965.0
Total equity attributable to the equity holders of the parent	1,339.3	1,208.8
Non-controlling interest	2.4	5.0
Total equity	**1,341.8**	**1,213.8**
Non-current liabilities		
Interest-bearing liabilities*	768.1	753.2
Deferred tax liabilities	72.1	77.8
Pension obligations	71.3	71.6
Provisions	22.9	24.0
Derivative liabilities	-	0.2
Other non-interest-bearing liabilities	42.3	34.7
Total non-current liabilities	**976.7**	**961.5**
Current liabilities		
Current portion of interest-bearing liabilities*	5.9	7.1
Other interest-bearing liabilities*	62.8	186.1
Provisions	75.9	80.9
Advances received	197.2	271.3
Income tax payables	24.3	12.8
Derivative liabilities	14.2	64.6
Accounts payable and other non-interest-bearing liabilities	872.1	854.1
Total current liabilities	**1,252.3**	**1,476.9**
Total equity and liabilities	**3,570.7**	**3,652.3**

*Included in interest-bearing net debt.

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

Consolidated statement of changes in equity

MEUR	Attributable to the equity holders of the company								
	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 2014	**64.3**	**98.0**	**64.1**	**5.7**	**73.5**	**927.8**	**1,233.3**	**6.2**	**1,239.4**
Net income for the period						71.4	71.4	0.6	72.0
Cash flow hedges				-25.7			-25.7		-25.7
Net investment hedges			-				-		-
Translation differences			-37.4				-37.4	0.2	-37.2
Defined benefit plan actuarial gains (+) / losses (-)						-8.3	-8.3		-8.3
Comprehensive income for the period*			**-37.4**	**-25.7**	**-**	**63.1**	**0.0**	**0.8**	**0.8**
Dividends paid						-26.9	-26.9	-0.7	-27.6
Acquisition of treasury shares					-0.9		-0.9		-0.9
Stock options exercised					2.3		2.3		2.3
Share-based incentives*						1.1	1.1		1.1
Transactions with owners of the company					**1.4**	**-25.8**	**-24.4**	**-0.7**	**-25.1**
Transactions with non-controlling interests							-	1.3	1.3
Equity on 31 Dec 2014	**64.3**	**98.0**	**26.7**	**-20.1**	**74.9**	**965.0**	**1,208.8**	**5.0**	**1,213.8**

*Net of tax

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 2015	**64.3**	**98.0**	**26.7**	**-20.1**	**74.9**	**965.0**	**1,208.8**	**5.0**	**1,213.8**
Net income for the period						143.0	143.0	-0.1	142.9
Cash flow hedges				-6.6			-6.6		-6.6
Net investment hedges			-4.0				-4.0		-4.0
Translation differences			25.0				25.0	0.1	25.1
Defined benefit plan actuarial gains (+) / losses (-)						2.6	2.6		2.6
Comprehensive income for the period*			**21.0**	**-6.6**	**-**	**145.6**	**160.0**	**0.0**	**159.9**
Dividends paid						-35.3	-35.3	-0.8	-36.1
Acquisition of treasury shares					-3.4		-3.4		-3.4
Stock options exercised					4.6		4.6		4.6
Share-based incentives*						2.8	2.8		2.8
Transactions with owners of the company					**1.2**	**-32.5**	**-31.3**	**-0.8**	**-32.0**
Transactions with non-controlling interests						1.8	1.8	-1.8	0.0
Equity on 31 Dec 2015	**64.3**	**98.0**	**47.7**	**-26.7**	**76.1**	**1,079.9**	**1,339.3**	**2.4**	**1,341.8**

*Net of tax

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

Consolidated statement of cash flows

MEUR	1-12/2015	1-12/2014
Net income for the period	142.9	72.0
Depreciation, amortisation and impairment	76.5	81.2
Financing items	26.9	28.4
Taxes	43.3	26.1
Change in receivables	74.6	-118.3
Change in payables	-108.4	161.5
Change in inventories	63.2	-34.9
Change in net working capital	29.4	8.3
Other adjustments	-4.4	-11.8
Cash flow from operations	**314.6**	**204.3**
Interest received	1.3	3.9
Interest paid	-22.0	-32.5
Other financial items	-50.9	-45.4
Income taxes paid	-47.4	-20.0
Cash flow from operating activities	**195.6**	**110.2**
Acquisitions, net of cash acquired	-0.6	-187.3
Divestments, net of cash sold	-	4.6
Investments to associated companies and joint ventures	-2.9	-3.4
Investments to intangible assets	-12.1	-13.4
Investments to property, plant and equipment	-66.7	-65.9
Proceeds from sales of fixed assets	21.3	34.0
Cash flow from investing activities, other items	3.2	1.6
Cash flow from investing activities	**-57.8**	**-229.8**
Stock options exercised	4.6	2.3
Acquisition of treasury shares	-3.4	-0.9
Acquisition of non-controlling interests	-3.5	-
Proceeds from long-term borrowings	120.0	300.0
Repayments of long-term borrowings	-125.0	-230.7
Proceeds from short-term borrowings	177.0	294.2
Repayments of short-term borrowings	-311.5	-322.7
Dividends paid	-36.1	-27.6
Cash flow from financing activities	**-177.9**	**14.7**
Change in cash	**-40.2**	**-104.9**
Cash, cash equivalents and bank overdrafts at the beginning of period	203.4	303.3
Effect of exchange rate changes	1.7	5.0
Cash, cash equivalents and bank overdrafts at the end of period	**164.9**	**203.4**
Bank overdrafts at the end of period	10.9	2.0
Cash and cash equivalents at the end of period	**175.8**	**205.4**

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

Key figures

		1-12/2015	1-12/2014
Equity / share	EUR	20.73	18.76
Interest-bearing net debt	MEUR	622.4	718.6
Total equity / total assets	%	39.8	35.9
Gearing	%	46.4	59.2
Return on equity, annualised	%	11.2	5.9
Return on capital employed, annualised	%	9.8	6.2

Notes to the financial statements review

1. General information

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

2. Accounting principles and new accounting standards

The financial statements 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 2014 and comply with changes in IAS/IFRS standards effective from 1 January 2015. These changes have no material impact on the financial statements review. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

3. Restatement of consolidated statement of cash flows

Cargotec has adjusted in the statement of cash flows the presentation of commercial papers in proceeds and repayments of short-term borrowings. Commercial papers with maturities of less than three months are presented as a net amount in one line and commercial papers with maturities of over three months are presented as gross amounts separately in borrowings and repayments. Cash flow information for comparable period has been restated accordingly.

4. Segment information

Sales, MEUR	Q4/2015	Q4/2014	1–12/2015	1–12/2014
Kalmar	468	452	1,663	1,487
Hiab	249	211	928	840
MacGregor	259	301	1,139	1,034
Internal sales	0	-1	-1	-3
Total	**977**	**963**	**3,729**	**3,358**

Sales by geographical area, MEUR	Q4/2015	Q4/2014	1–12/2015	1–12/2014
EMEA	402	426	1,472	1,437
Asia-Pacific	298	304	1,199	1,013
Americas	277	233	1,058	908
Total	**977**	**963**	**3,729**	**3,358**

Sales by geographical area, %	Q4/2015	Q4/2014	1–12/2015	1–12/2014
EMEA	41.2	44.3	39.5	42.8
Asia-Pacific	30.5	31.6	32.2	30.2
Americas	28.3	24.2	28.4	27.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

Operating profit, MEUR	Q4/2015	Q4/2014	1–12/2015	1–12/2014
Kalmar	34.8	33.6	127.3	55.3
Hiab	31.0	11.9	99.6	42.5
MacGregor	-13.6	22.1	15.8	51.7
Corporate administration and support functions	-7.2	-4.6	-29.7	-22.8
Total	**45.0**	**63.0**	**213.1**	**126.6**

Operating profit, %	Q4/2015	Q4/2014	1–12/2015	1–12/2014
Kalmar	7.4	7.4	7.7	3.7
Hiab	12.4	5.6	10.7	5.1
MacGregor	-5.2	7.3	1.4	5.0
Cargotec	4.6	6.5	5.7	3.8

Operating profit excl. restructuring costs, MEUR	Q4/2015	Q4/2014	1–12/2015	1–12/2014
Kalmar	35.9	34.3	129.9	56.8
Hiab	30.7	17.8	100.5	61.0
MacGregor	-7.2	24.0	30.1	53.9
Corporate administration and support functions	-7.2	-4.6	-29.7	-22.4
Total	**52.1**	**71.5**	**230.7**	**149.3**

Operating profit excl. restructuring costs, %	Q4/2015	Q4/2014	1–12/2015	1–12/2014
Kalmar	7.7	7.6	7.8	3.8
Hiab	12.3	8.4	10.8	7.3
MacGregor	-2.8	8.0	2.6	5.2
Cargotec	5.3	7.4	6.2	4.4

Orders received, MEUR	Q4/2015	Q4/2014	1–12/2015	1–12/2014
Kalmar	395	378	1,764	1,482
Hiab	250	232	967	909
MacGregor	180	304	828	1,210
Internal orders received	0	0	-1	-1
Total	**824**	**914**	**3,557**	**3,599**

Orders received by geographical area, MEUR	Q4/2015	Q4/2014	1–12/2015	1–12/2014
EMEA	373	426	1,471	1,524
Asia-Pacific	205	256	1,002	1,195
Americas	246	232	1,085	880
Total	**824**	**914**	**3,557**	**3,599**

Orders received by geographical area, %	Q4/2015	Q4/2014	1–12/2015	1–12/2014
EMEA	45.3	46.6	41.3	42.4
Asia-Pacific	24.9	28.0	28.2	33.2
Americas	29.8	25.4	30.5	24.4
Total	**100.0**	**100.0**	**100.0**	**100.0**

Order book, MEUR	31 Dec 2015	31 Dec 2014
Kalmar	877	805
Hiab	305	264
MacGregor	883	1,131
Internal order book	-1	0
Total	**2,064**	**2,200**

Number of employees at the end of period	31 Dec 2015	31 Dec 2014
Kalmar	5,328	5,219
Hiab	2,757	2,572
MacGregor	2,543	2,737
Corporate administration and support functions	209	176
Total	**10,837**	**10,703**

Average number of employees	1–12/2015	1–12/2014
Kalmar	5,286	5,273
Hiab	2,638	2,694
MacGregor	2,652	2,702
Corporate administration and support functions	195	168
Total	**10,772**	**10,838**

5. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	1–12/2015	1–12/2014
Intangible assets	12.1	13.4
Property, plant and equipment	66.7	65.9
Total	**78.8**	**79.3**

Depreciation, amortisation and impairment, MEUR	1–12/2015	1–12/2014
Intangible assets	28.7	29.4
Buildings	8.2	8.8
Machinery & equipment	39.5	43.0
Total	**76.5**	**81.2**

6. Taxes in statement of income

MEUR	1–12/2015	1–12/2014
Current year tax expense	65.6	42.4
Deferred tax expense	-19.8	-11.2
Tax expense for previous years	-2.5	-5.1
Total	**43.3**	**26.1**

7. Interest-bearing net debt and liquidity

MEUR	31 Dec 2015	31 Dec 2014
Interest-bearing liabilities*	802.7	931.8
Loans receivable and other interest-bearing assets	-4.6	-7.9
Cash and cash equivalents	-175.8	-205.4
Interest-bearing net debt	**622.4**	**718.6**
Equity	1,341.8	1,213.8
Gearing	**46.4%**	**59.2%**

*The fair values do not materially differ from book values. One exception is the hedging of currency risk relating to the USD 205 million Private Placement bond, which affected the interest-bearing liabilities on 31 Dec 2015 by EUR -34.0 (31 Dec 2014: -14.6) million.

MEUR	31 Dec 2015	31 Dec 2014
Cash and cash equivalents	175.8	205.4
Committed long-term undrawn revolving credit facilities	300.0	300.0
Repayments of interest-bearing liabilities in following 12 months	-68.7	-193.2
Total liquidity	**407.1**	**312.3**

8. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 31 Dec 2015	Negative fair value 31 Dec 2015	Net fair value 31 Dec 2015	Net fair value 31 Dec 2014
Currency forward contracts	36.7	14.2	22.5	-44.2
Hedge accounting	7.8	5.4	2.4	-20.4
Cross-currency and interest rate swaps	35.3	-	35.3	15.5
Total	**72.0**	**14.2**	**57.8**	**-28.8**
Non-current portion:				
Currency forward contracts	-	-	-	-0.2
Cross-currency and interest rate swaps	35.3	-	35.3	15.5
Non-current portion	**35.3**	**-**	**35.3**	**15.3**
Current portion	**36.7**	**14.2**	**22.5**	**-44.1**

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 Dec 2015	31 Dec 2014
Currency forward contracts	3,874.5	3,277.3
Hedge accounting	1,749.8	1,165.0
Cross-currency and interest rate swaps	188.3	168.8
Total	**4,062.8**	**3,446.1**

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.

9. Commitments

MEUR	31 Dec 2015	31 Dec 2014
Guarantees	-	0.7
End customer financing	13.1	16.4
Operating leases	165.9	150.6
Other contingent liabilities	5.2	5.8
Total	**184.2**	**173.5**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 494.1 (31 Dec 2014: 622.6) 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 Dec 2015	31 Dec 2014
Less than 1 year	31.8	26.0
1-5 years	69.9	60.7
Over 5 years	64.2	64.0
Total	**165.9**	**150.6**

The aggregate operating lease expenses totalled EUR 36.6 (1–12/2014: 30.8) million.

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

10. Events after the financial period

In January 2016, Cargotec agreed to acquire full control of INTERSCHALT maritime systems AG, the leading specialist software and related service provider to the maritime industry. The acquisition will complement Cargotec's strategic aim of being the leader in intelligent cargo handling. Cargotec will gain more competence in technologically advanced software and service solutions and attains a global footprint with branch offices, services stations and partner representations. INTERSCHALT's sales in 2014 amounted to EUR 42 million and it employs over 200 people. The closing of the transaction is expected to take place in the first quarter of 2016 and is subject to the approval of competition authorities.

Key exchange rates for the Euro

Closing rate	31 Dec 2015	31 Dec 2014
SEK	9.190	9.393
USD	1.089	1.214

Average rate	1-12/2015	1-12/2014
SEK	9.341	9.100
USD	1.113	1.326

Calculation of key figures

Equity / share, EUR	=		Total equity attributable to the equity holders of the company / Number of outstanding shares at the end of period
Total equity / total assets (%)	=	100 x	Total equity / Total assets - advances received
Gearing (%)	=	100 x	Interest-bearing debt* - interest-bearing assets / Total equity
Return on equity (%)	=	100 x	Net income for the period / Total equity (average for the period)
Return on capital employed (%)	=	100 x	Income before taxes + interest and other financing expenses / Total assets - non-interest-bearing debt (average for the period)
Basic earnings / share, EUR	=		Net income for the period attributable to the equity holders of the company / Average number of outstanding shares during the period
Diluted earnings / share, EUR	=		Net income for the period attributable to the equity holders of the company / Average number of outstanding diluted shares during the period

*Including cross-currency hedging of the USD Private Placement corporate bonds.

Quarterly figures

Cargotec		Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014
Orders received	MEUR	824	907	887	939	914
Order book	MEUR	2,064	2,233	2,342	2,469	2,200
Sales	MEUR	977	928	936	889	963
Operating profit	MEUR	45.0	61.9	54.9	51.3	63.0
Operating profit	%	4.6	6.7	5.9	5.8	6.5
Operating profit*	MEUR	52.1	68.3	58.0	52.3	71.5
Operating profit*	%	5.3	7.4	6.2	5.9	7.4
Basic earnings/share	EUR	0.55	0.67	0.43	0.56	0.63

Kalmar		Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014
Orders received	MEUR	395	463	450	455	378
Order book	MEUR	877	949	946	898	805
Sales	MEUR	468	409	391	395	452
Operating profit*	MEUR	35.9	36.1	28.5	29.4	34.3
Operating profit*	%	7.7	8.8	7.3	7.4	7.6

Hiab		Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014
Orders received	MEUR	250	239	221	256	232
Order book	MEUR	305	300	297	322	264
Sales	MEUR	249	229	237	212	211
Operating profit*	MEUR	30.7	25.3	25.4	19.2	17.8
Operating profit*	%	12.3	11.0	10.7	9.0	8.4

MacGregor		Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014
Orders received	MEUR	180	200	220	228	304
Order book	MEUR	883	984	1,104	1,250	1,131
Sales	MEUR	259	289	308	282	301
Operating profit*	MEUR	-7.2	12.5	12.5	12.3	24.0
Operating profit*	%	-2.8	4.3	4.1	4.4	8.0

*Operating profit excluding restructuring costs