Cargotec's financial statements review 2020

GOOD PERFORMANCE IN AN EXCEPTIONAL YEAR

CARGOTEC

Cargotec's financial statements review 2020: Good performance in an exceptional year

- Positive trend continued since May
- Service business remained resilient, sales decreased by 5 percent
- Share of eco portfolio sales increased to 24 percent
- Cargotec's extraordinary general meeting approved merger with Konecranes. The implementation of the merger is subject to obtaining the necessary approvals from the competition authorities.

The figures in this financial statements review are based on Cargotec Corporation's audited 2020 financial statements.

October–December 2020 in brief: Orders received at the previous year's level

- Orders received remained at comparison period's level and totalled EUR 963 (962) million.
- Order book amounted to EUR 1,824 (31 Dec 2019: 2,089) million at the end of the period.
- Sales decreased by 14 percent and totalled EUR 873 (1,015) million.
- Service sales decreased by 8 percent and totalled EUR 262 (285) million.
- Service and software sales represented 35 (33) percent of consolidated sales.
- Operating profit was EUR 18 (18) million, representing 2.0 (1.8) percent of sales. Operating profit includes items affecting comparability worth EUR -47 (-56) million.
- Comparable operating profit decreased by 14 percent and amounted to EUR 64 (74) million, representing 7.3 (7.3) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 196 (208) million.
- Net income for the period amounted to EUR 7 (-0) million.
- Earnings per share was EUR 0.10 (-0.00).

January–December 2020 in brief: Satisfactory profitability and strong cash flow

- Orders received decreased by 16 percent and totalled EUR 3,121 (3,714) million.
- Sales decreased by 11 percent and totalled EUR 3,263 (3,683) million.
- Service sales decreased by 5 percent and totalled EUR 1,005 (1,062) million.
- Service and software sales represented 36 (33) percent of consolidated sales.
- Operating profit was EUR 70 (180) million, representing 2.2 (4.9) percent of sales. Operating profit includes items affecting comparability worth EUR -133 (-84) million.
- Comparable operating profit decreased by 23 percent and amounted to EUR 204 (264) million, representing 6.2 (7.2) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 296 (361) million.
- Net income for the period amounted to EUR 8 (89) million.
- Earnings per share was EUR 0.13 (1.39). Earnings per share decreased due to lower sales, lower comparable operating profit and increased restructuring costs.

Outlook for 2021

Cargotec expects its comparable operating profit for 2021 to improve from 2020 (EUR 228[1] million).

[1]Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation, which amounted to EUR 24 million in 2020. Comparison figure has been calculated based on the new definition. Restatement for 2020 figures will be published before Q1/21 result announcement.

Cargotec's key figures

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Orders received	963	962	0%	3,121	3,714	-16%
Service orders received	265	277	-4%	987	1,079	-9%
Order book, end of period	1,824	2,089	-13%	1,824	2,089	-13%
Sales	873	1,015	-14%	3,263	3,683	-11%
Service sales	262	285	-8%	1,005	1,062	-5%
Software sales*	44	46	-5%	166	168	-2%
Service and software sales, % of sales	35%	33%		36%	33%	
Operating profit	17.6	18.0	-2%	70.4	180.0	-61%
Operating profit, %	2.0%	1.8%		2.2%	4.9%	
Comparable operating profit	64.1	74.3	-14%	203.6	264.4	-23%
Comparable operating profit, %	7.3%	7.3%		6.2%	7.2%	
Income before taxes	4.5	8.2	-45%	34.5	145.9	-76%
Cash flow from operations before financing items and taxes	196	208	-6 %	296	361	-18%
Net income for the period	6.6	-0.3	> 100%	8.1	89.4	-91%
Earnings per share, EUR	0.10	-0,00	> 100%	0.13	1.39	-91%
Interest-bearing net debt, end of period	682	774	-12%	682	774	-12%
Gearing, %	52.4%	54.2%		52.4%	54.2%	
Interest-bearing net debt / EBITDA**	3.2	2.5		3.2	2.5	
Return on capital employed (ROCE), last 12 months, %***	2.8%	7.3%		2.8%	7.3%	
Personnel, end of period	11,552	12,587	-8%	11,552	12,587	-8%

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

In the calculation of the balance sheet related key figures the assets held for sale and liabilities related to assets held for sale are included in the applicable account groups, even though in the balance sheet they are presented on one row.

Cargotec's CEO Mika Vehviläinen: Positive trend in orders received, sales and comparable operating profit continued in the last quarter

In many ways, 2020 was exceptional for the whole world and also for Cargotec. The rapid spread of Covid-19 and related regulatory restrictions closed our own and our suppliers' production units and caused unprecedented uncertainty on the market. On the other hand, our actions during the year proved our strategic direction to be correct. Our investments over the years in services, digitalisation and research and development, as well as in our asset-light operating model brought about good results.

Market uncertainty affected customers' decision making especially in the second and third quarter and our orders received decreased by 16 percent from the previous year. Customers considered carefully their larger investments in, for example, port automation and new vessels. On the other hand, the pandemic has further strengthened interest in automation. However, it is still too early to speculate when customers start making investment decisions. MacGregor's market situation is expected to remain challenging, but for example new contracting of wind turbine installation and service vessels is expected to grow. After April and towards the end of the year, demand for Kalmar's mobile equipment business and for Hiab increased strongly. In terms of orders received, Hiab's fourth quarter was its best ever. Our year-end order book increased compared to the end of the third quarter, which gives us a good start for 2021.

Our sales decreased from the previous year. However, the decline was partly offset by an increased share of the stable service and software business. Customer interest towards our eco-efficiency solutions increased in all business areas despite the crises. The eco portfolio sales increased to almost a quarter of our total sales. Our electrified equipment is included in the portfolio, for example.

Despite the exceptional year, our profitability remained at a satisfactory level. Our comparable operating profit amounted to EUR 204 million. Comparable operating profits in Kalmar and in Hiab decreased due to lower sales whereas comparable operating profit in MacGregor increased. Thanks to synergies from TTS integration and other restructuring actions, MacGregor posted positive comparable operating profit in the second half of the year. Our rapid reaction to covid-19 pandemic as well as cost saving actions also supported our profitability. The full year comparable operating profit margin decreased and amounted to 6.2 percent. However, the margin improved to 7.3 percent during the second half of the year, which was close to the level of the second half in 2019 (Q3–Q4/2019: 7.4 percent). In addition, we enhanced our productivity with structural measures with our permanent headcount reductions amounting to approximately 1,000.

Our operative cash flow was strong and, thanks to net working capital reduction measures, our net debt was reduced especially in Q4. We continued determined investments in research and development. Our R&D investments increased by three percent and were particularly focused on themes supporting our climate ambition such as digitalisation, electrification and automation as well as projects that aim to improve the competitiveness and cost efficiency of products. Year 2021 will mark a considerable milestone for Kalmar as its entire portfolio becomes available as electrically powered.

In May, we introduced our climate ambition to be a 1.5 degree company. According to the commitment, we aim to reduce the CO_2 emissions of raw material sourcing and product use phase by at least 50 percent from the 2019 levels by 2030. In addition, we aim to be carbon neutral in our own operations by 2030.

We are constantly developing our business structure. In 2020, we sold our stake in RCI joint venture in China and started the sales process of Navis business. On 1 October, we announced the plan to combine Cargotec and Konecranes through a merger. Extraordinary meetings held on 18 December by each of the companies resolved the resolution to approve the merger. The implementation of the merger is subject to obtaining the necessary approvals from the competition authorities. More information about the merger is available from the web address www.sustainablematerialflow.com.

Health and safety of our employees, customers and partners are our top priorities. Despite the challenging year, the results of our operational safety and Compass employee satisfaction survey improved from the previous year. I want to thank all our employees for their contribution during this exceptional year and our customers, partners and shareholders for the trust they have placed in us.

Reporting segments' key figures

Orders received

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Kalmar	445	446	0%	1,401	1,776	-21%
Hiab	417	322	30%	1,210	1,310	-8%
MacGregor	100	193	-48%	511	630	-19%
Internal orders	0	0		-1	-1	
Total	**963**	**962**	**0%**	**3,121**	**3,714**	**-16%**

Order book

MEUR	31 Dec 2020	31 Dec 2019	Change
Kalmar	842	1,049	-20%
Hiab	503	406	24%
MacGregor	480	633	-24%
Internal orders	0	0	
Total	**1,824**	**2,089**	**-13%**

Sales

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Kalmar	411	471	-13%	1,529	1,723	-11%
Hiab	295	368	-20%	1,094	1,350	-19%
MacGregor	168	176	-5%	642	611	5%
Internal sales	-1	0		-1	-1	
Total	**873**	**1,015**	**-14%**	**3,263**	**3,683**	**-11%**

Operating profit

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Kalmar	19.5	41.2	-53%	61.8	154.4	-60%
Hiab	25.0	48.3	-48%	97.3	159.3	-39%
MacGregor	-12.6	-59.9	79%	-48.2	-83.3	42%
Corporate administration and support functions	-14.3	-11.5	-23%	-40.7	-50.4	19%
Total	**17.6**	**18.0**	**-2%**	**70.4**	**180.0**	**-61%**

Comparable operating profit

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Kalmar	28.2	44.1	-36%	116.4	161.8	-28%
Hiab	41.1	51.8	-21%	126.5	170.2	-26%
MacGregor	3.0	-12.5	> 100%	-4.3	-28.2	85%
Corporate administration and support functions	-8.2	-9.0	9%	-34.9	-39.5	12%
Total	**64.1**	**74.3**	**-14%**	**203.6**	**264.4**	**-23%**

Telephone conference for analysts, investors and media

A live international telephone conference for analysts, investors and media will be arranged on the publishing day at 3:00 p.m. EET. 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 the latest 2:30 p.m. EET.

The telephone conference, during which questions may be presented, can be accessed by registering here. The registration opens 15 minutes prior to the event. The event conferencing system will call the participant on the phone number provided and place the participant into the event.

The telephone conference can also be accessed without advance registration with code 507254 by calling to one of the following numbers:

FI +358 (0) 9 7479 0360

DE +49 (0) 89 2030 31236

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 https://cargotec.videosync.fi/2020-q4-results. The conference call will be recorded and an on-demand version of the conference will be published at Cargotec's website later during the day.

Note that by dialling in to the conference call, the participant agrees that personal information such as name and company name will be collected.

For further information, please contact:
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Cargotec (Nasdaq Helsinki: CGCBV) enables smarter cargo flow for a better everyday with its leading cargo handling solutions and services. Cargotec's business areas Kalmar, Hiab and MacGregor are pioneers in their fields. Through their unique position in ports, at sea and on roads, they optimise global cargo flows and create sustainable customer value. Cargotec has signed United Nations Global Compact's Business Ambition for 1.5°C. The company's sales in 2020 totalled approximately EUR 3.3 billion and it employs around 11,500 people. www.cargotec.com

Cargotec's financial statements review 2020

The financial statements review provides estimates on future prospects involving risk and uncertainty factors, and other factors as a result of which the performance, operation or achievements of Cargotec may substantially deviate from the estimates. Forward-looking statements relating to future prospects are subject to risks, uncertainties and assumptions, the implementation of which depends on the future business environment and other circumstances, such as the development of the coronavirus pandemic.

Operating environment

The pandemic slowed activities in China during the beginning of the year, as factories were faced with lower capacities, and the availability of components weakened. However, the situation improved towards the end of the first quarter. Until March, the development of the operating environment was stable, especially in Cargotec's main market areas, Europe and Americas. Since then, the coronavirus pandemic changed the situation significantly, and the general market uncertainty, government actions and, for example, regulations that closed down assembly units as well as traveling and meeting restrictions have slowed or postponed the customer decision making, orders, starting and finalisation of projects, and weakened the availability of components. Both demand and the delivery capability of Cargotec and its supply chain started recovering towards the end of the second quarter. The recovery continued in the second half of the year, and Cargotec's delivery capability, including its supply chain, returned to a normal level during the third quarter. Also the demand for Cargotec's solutions strengthened in the second half of 2020.

According to the International Monetary Fund's (IMF) world economic outlook update published in January 2021, the world economy contracted by 3.5 percent in 2020. IMF's previous forecast from October estimated a 4.4 percent decline. In 2020, the decline would be 4.9 percent in what IMF calls an advanced economy group, which includes several key Cargotec markets, such as the United States, the United Kingdom and Germany, while the estimate in October was -5.8 percent. The world economy is expected to increase by 5.5 percent in 2021, according to the IMF[2].

Kalmar's demand driver, the number of containers handled at ports globally, is estimated to have decreased by 2.1 percent in 2020 compared to the previous year and to increase by 8.9 percent in 2021[3]. Demand for smaller cargo handling equipment in industrial segments decreased from the previous year. There is demand for automation solutions, but customers postpone their decisions due to the uncertain market situation. The demand for Kalmar's services weakened slightly due to pandemic related restrictions.

Oxford Economics[4] forecasts that one of Hiab's demand drivers – construction activity – would have slowed down by slightly below nine percent in Europe and by approximately six percent in the US in 2020. In 2021, the construction activity is prognosed to increase by approximately eight percent in Europe and approximately eight percent in the US compared to the previous year. The demand for services remained at the previous year's level.

The demand for MacGregor's cargo handling solutions is impacted by the level of merchant ship contracting, which is prognosed to have decreased and drawn close to the historically low level of 2016. During 2020, the estimated amount of new vessel contracting was 661 (851)[5]. In the

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[2] International Monetary Fund: World Economic Outlook Update, January 2021

[3] Drewry Container Forecaster, December 2020

[4] Oxford Economics, Construction, December 2020

5 Clarkson, December 2020

offshore sector, due to, for example, a fall in oil prices and the overcapacity of offshore supply vessels and drilling rigs, the amount of new vessel contracting is still expected to remain at a low level. On the other hand, for example new contracting of wind turbine installation and service vessels is expected to grow rapidly[6]. In 2020, the amount of offshore vessel orders increased from the comparison period but remained still on a low level[7]. The demand for services declined slightly from the comparison period due to pandemic related restrictions and postponements in scheduled maintenance.

[6] Clarkson, September 2020

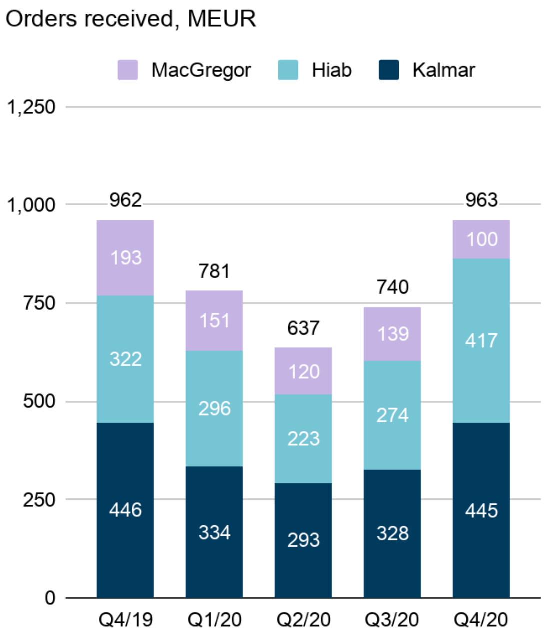
[7] Clarkson, December 2020

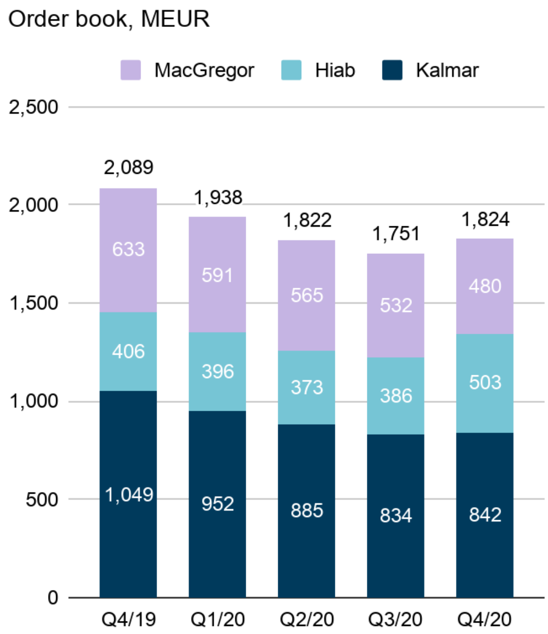
Financial performance

Orders received and order book

Orders received and order book

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Orders received	963	962	0%	3,121	3,714	-16%
Service orders received	265	277	-4%	987	1,079	-9%
Order book, end of period	1,824	2,089	-13%	1,824	2,089	-13%





Orders received in the fourth quarter 2020 remained at the comparison period's level and totalled EUR 963 (962) million. Orders received declined in Kalmar and MacGregor and increased in Hiab. Service orders received decreased by 4 percent and totalled EUR 265 (277) million.

Orders received decreased in 2020 by 16 percent from the comparison period and totalled EUR 3,121 (3,714) million. Orders received declined in all business areas. Service orders received decreased by 9 percent and totalled EUR 987 (1,079) million.

The order book declined by 13 percent from the end of 2019, and at the end of the fourth quarter it totalled EUR 1,824 (31 Dec 2019: 2,089) million. Kalmar's order book totalled EUR 842 (1,049) million, representing 46 (50) percent, Hiab's EUR 503 (406) million or 28 (20) percent and MacGregor's EUR 480 (633) million or 26 (30) percent of the consolidated order book.

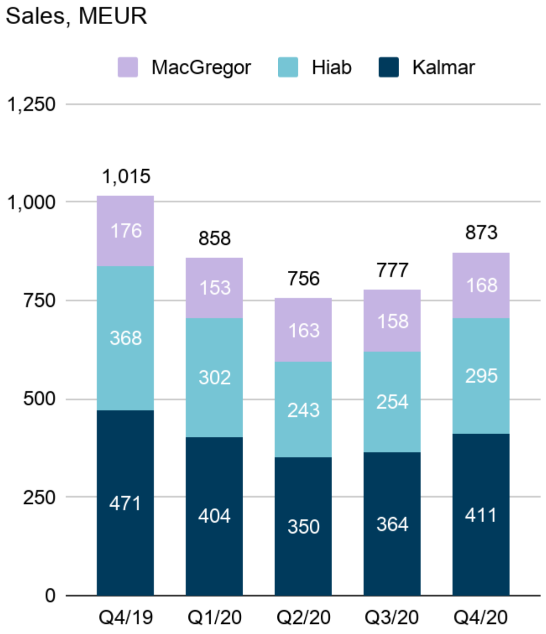
In geographical terms, the share of orders received in the fourth quarter was 48 (50) percent in EMEA and 39 (33) percent in Americas. Asia-Pacific's share of orders received was 13 (17) percent.

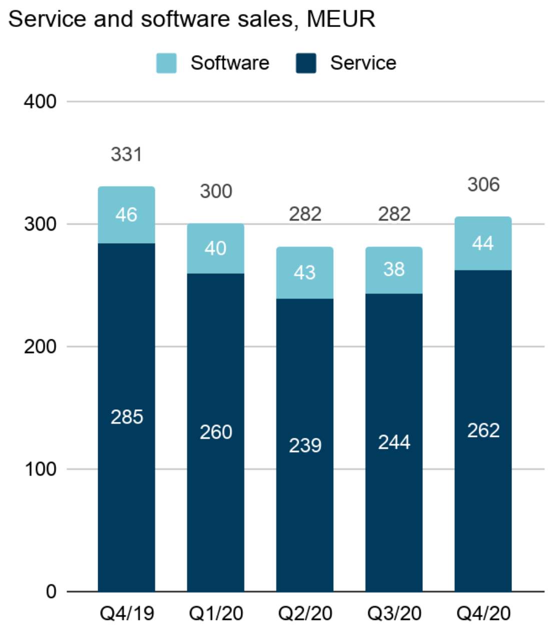
In 2020, the share of orders received was 50 (49) percent in EMEA and 32 (34) percent in Americas. Asia-Pacific's share of orders received was 18 (17) percent.

Sales

Sales

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Sales	873	1,015	-14%	3,263	3,683	-11%
Service sales	262	285	-8%	1,005	1,062	-5%
Software sales	44	46	-5%	166	168	-2%





In the fourth quarter of 2020, sales declined from the comparison period's level by 14 percent and amounted to EUR 873 (1,015) million. Sales declined in all business areas. Service sales decreased by 8 percent from the comparison period and totalled EUR 262 (285) million, representing 30 (28) percent of consolidated sales. Software sales decreased by 5 percent and amounted to EUR 44 (46) million. In total, service and software sales amounted to EUR 306 (331) million, representing 35 (33) percent of consolidated sales.

Sales in 2020 declined by 11 percent from the comparison period to EUR 3,263 (3,683) million. Sales declined in Kalmar and Hiab and increased in MacGregor. Service sales decreased by 5 percent from the comparison period and totalled EUR 1,005 (1,062) million, representing 31 (29) percent of consolidated sales. Software sales decreased by 2 percent from the comparison period and amounted to EUR 166 (168) million. Service and software sales amounted to EUR 1,171 (1,230) million, representing 36 (33) percent of consolidated sales.

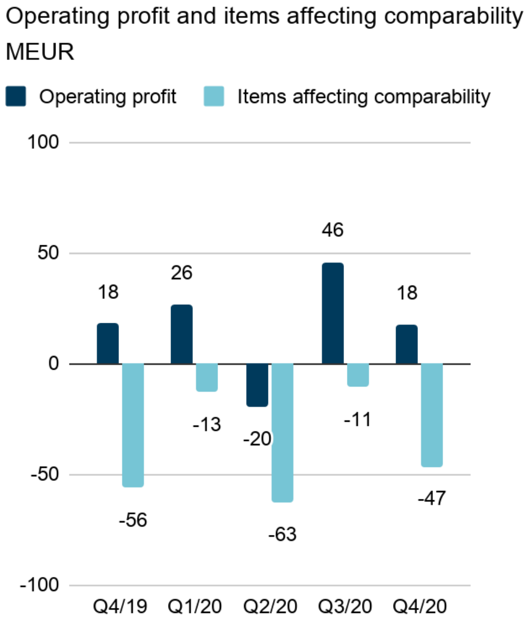
In geographical terms, sales decreased in EMEA and in Americas, and increased in Asia-Pacific region during the fourth quarter. EMEA's share of consolidated sales was 49 (50) percent, Americas' 29 (32) percent and Asia-Pacific's 22 (18) percent.

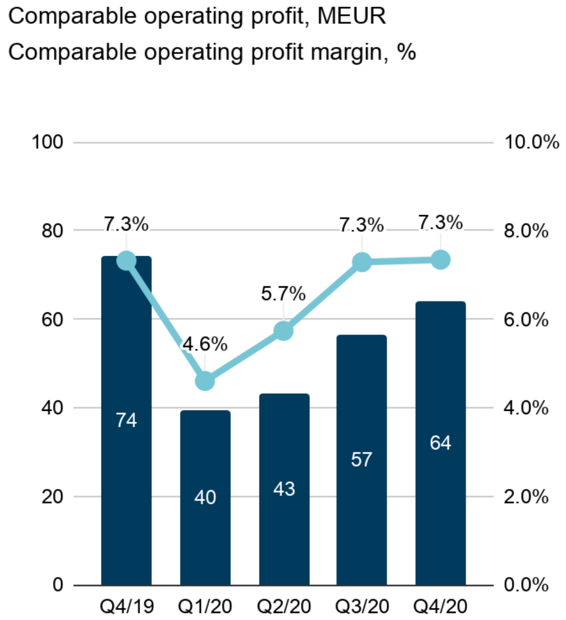
In 2020, EMEA's share of consolidated sales was 49 (48) percent, Americas' 30 (34) percent and Asia-Pacific's 21 (18) percent.

Financial result

Operating profit and comparable operating profit

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Operating profit	17.6	18.0	-2%	70.4	180.0	-61%
Operating profit, %	2.0%	1.8%		2.2%	4.9%	
Comparable operating profit	64.1	74.3	-14%	203.6	264.4	-23%
Comparable operating profit, %	7.3%	7.3%		6.2%	7.2%	





Operating profit for the fourth quarter totalled EUR 18 (18) million. The operating profit includes items affecting comparability worth EUR -47 (-56) million. EUR -9 (-3) million of the items were related to Kalmar, EUR -16 (-3) million to Hiab, EUR -16 (-47) million to MacGregor and EUR -6 (-3) million to corporate administration and support functions.

Operating profit in 2020 totalled EUR 70 (180) million. The operating profit includes items affecting comparability worth EUR -133 (-84) million. EUR -55 (-7) million of the items were related to Kalmar, EUR -29 (-11) million to Hiab, EUR -44 (-55) million to MacGregor and EUR -6 (-11) million to corporate administration and support functions. More information regarding items affecting comparability is available in Note 7, Comparable operating profit.

Comparable operating profit for the fourth quarter decreased by 14 percent and totalled EUR 64 (74) million, representing 7.3 (7.3) percent of sales. Comparable operating profit decreased due to the decline in sales, partly offset by productivity improvements and cost savings.

Comparable operating profit for the second half of 2020 increased by 46 percent compared to the first half of the year and amounted to EUR 121 (Q1–Q2/2020: 83) million.

Comparable operating profit in 2020 decreased by 23 percent and totalled EUR 204 (264) million, representing 6.2 (7.2) percent of sales. Comparable operating profit decreased due to the decline in sales, partly offset by productivity improvements and cost savings.

Net financing expenses and net income

Net interest expenses for interest-bearing debt and assets for the fourth quarter totalled EUR 6 (6) million. Net financing expenses totalled EUR 13 (10) million. In 2020 net interest expenses for interest-bearing debt and assets totalled EUR 23 (22) million. Net financing expenses totalled EUR 36 (34) million.

Net income for the fourth quarter totalled EUR 7 (-0) million, and earnings per share was EUR 0.10 (-0.00). In 2020 net income totalled EUR 8 (89) million, and earnings per share EUR 0.13 (1.39). Earnings per share decreased due to lower sales, lower comparable operating profit and increased restructuring costs.

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 3,888 (31 Dec 2019: 4,227) million at the end of the year. Equity attributable to the equity holders of the parent was EUR 1,299 (1,424) million, representing EUR 20.14 (22.12) per share. Property, plant and equipment on the balance sheet amounted to EUR 430 (490) million and intangible assets to EUR 1,158 (1,355) million.

Return on equity (ROE, last 12 months) was 0.6 (31 Dec 2019: 6.3) percent at the end of the year, and return on capital employed (ROCE, last 12 months) was 2.8 (7.3) percent. In 2020, ROCE was weakened by significant restructuring costs and low profitability in business area MacGregor. Cargotec's financial target is to reach 15 percent return on capital employed.

Cash flow from operating activities before financial items and taxes totalled EUR 296 (361) million during 2020. Cash flow decreased due to lower sales and lower EBITDA, partly offset by decreased net working capital, which amounted to EUR 103 million at the end of the year compared to EUR 158 million at the end of 2019.

Cargotec's liquidity position is strong. The objective of liquidity management is to maintain a continuous adequate amount of liquidity to fund the business operations of Cargotec at all times, taking interest and other bank costs into consideration.

Liquidity risk is managed by retaining long-term liquidity reserves exceeding the level of short-term liquidity requirement. The liquidity reserves, consisting of cash and cash equivalents and an undrawn EUR 300 million long-term revolving credit facility, totalled EUR 785 million on 31 December 2020 (31 Dec 2019: 720). Repayments of interest-bearing liabilities due within the following 12 months totalled EUR 158 (31 Dec 2019: 271) million, which includes EUR 38 (40) million lease liabilities.

Liquidity

MEUR	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	484.8	420.2
Committed long-term undrawn revolving credit facilities	300.0	300.0
Repayments of interest-bearing liabilities in the following 12 months	-155.6	-271.0
Liquidity position of asset held for sale and liabilities related to asset held for sale	-1.8	-
Liquidity	**627.4**	**449.2**

In addition, Cargotec had access to a EUR 150 million commercial paper programme, of which undrawn EUR 150 (31 Dec 2019: 150) million, as well as undrawn bank overdraft facilities, totalling EUR 116 (31 Dec 2019: 137) million.

In addition to liquidity risk management, Cargotec manages funding risk of its loan portfolio. The objective is to avoid an untenably large proportion of loans or credit facilities to mature at a time when refunding is not economically or contractually feasible. The risk is minimised by diversifying the financing sources as well as balancing the repayment schedules of loans and credit facilities. At the end of 2020, 64 (31 Dec 2019: 77) percent of Cargotec's loan portfolio were bonds and Schuldschein loans, 36 (22) percent bilateral bank loans, and 0 (1) percent commercial papers and drawn bank overdrafts.

Cargotec's maturity profile is balanced. During 2021–2027, the annual maturities are in the range of EUR 100–380 million. The revolving credit facility of EUR 300 million matures in 2024.

Interest-bearing net debt totalled EUR 682 (31 Dec 2019: 774) million at the end of 2020. Interest-bearing net debt includes EUR 174 (188) million in lease liabilities. Interest-bearing debt amounted to EUR 1,191 (1,224) million, of which EUR 158 (271) million was current and EUR 1,033 (953) million non-current debt. The average interest rate of interest-bearing liabilities, excluding on-balance sheet lease liabilities, was 1.4 (1.8) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 509 (451) million.

At the end of the year, Cargotec's equity to assets ratio was 35.3 (31 Dec 2019: 36.4) percent. Gearing was 52.4 (54.2) percent.

Corporate topics

Research and development

Research and product development expenditure in 2020 totalled EUR 105 (102) million, representing 3.2 (2.8) percent of sales. Research and development investments were focused on themes supporting our climate targets such as digitalisation, electrification and automation as well as projects that aim to improve the competitiveness and cost efficiency of products.

Kalmar

2021 will mark a considerable milestone for Kalmar as its entire portfolio becomes available as electrically powered. In 2020, a containerised ChargePod solution and energy-saving guarantee for electrically powered forklift trucks were introduced to the market.

In addition, Kalmar introduced a new range of G-Generation top loaders with improved hydraulics, fuel consumption and operator ergonomics.

In June, Kalmar and MacGregor announced their joint participation in AEGIS (Advanced, Efficient and Green Intermodal Systems), a three-year project funded by the EU's Horizon 2020 Research and Innovation programme. The focus of the project is on integrating smaller ships, inland transport and short-sea shipping with larger terminals to create a completely new European transport system. Kalmar and MacGregor will be the technology providers for the project.

Navis announced in June that it will leverage the solutions offered by two startups, i4sea and Teqplay, as part of the Navis Smart Suite offering. Both solutions provide complementary features for the Navis Berth Window Management, a cloud-based product that enables terminal operators to better plan and optimise their berth utilisation in an intuitive and easy manner.

In November, Navis announced the launch of the N4 as a Service (SaaS) offering, allowing its customers to seamlessly move terminal operations to the cloud. N4 SaaS provides customers the full feature set of a TOS with the added convenience that it is delivered as a service, helping to further strengthen partnerships between terminals and clients.

Hiab

In collaboration with VTT, a Finnish state-owned research organisation, Hiab designed and implemented a steering system for a self-driving truck that is being tested by Stora Enso, a global provider of packaging, biomaterials, wooden constructions and paper, in Finland. The truck is being used to determine how much automated transport can reduce emissions and improve safety.

In May, Hiab announced a free version of the connected service HiConnect™, a web portal that lets Hiab customers with connected equipment receive insights to improve safety and utilisation as well as keeping track of service needs based on actual usage. The free version provides access to core features, such as a live map of the fleet, upcoming maintenance dates based on actual usage, equipment operation times and used capacity. The full subscription version, now rebranded as HiConnect Premium, provides access to even more extensive data including fleet trends and operational insights, which gives the customer better control and visibility of their operations.

In the second quarter, Hiab also launched MULTILIFT Optima 15S and MULTILIFT Optima 25S hooklifts for two and four axle trucks. Optima hooklifts have a light, yet robust construction to provide better fuel efficiency and reduce CO2 emissions. They offer customers great value and deliver quality, safety and reliability.

In the third quarter, Hiab announced that it had helped to develop a new truck used by JOLT Energy Group to collect and return mobile charging stations for electric vehicles. The truck body has been created with the help of Hiab's modular installation system FrameWorks and it comes equipped with a HIAB X-HiPro 232 loader crane with Hiab's automation technologies.

All new WDV railgates by Hiab's American brand WALTCO ordered from 1 September will have HiConnect™ connectivity as a standard feature with one year of access already included. This enables WALTCO WDV customers to utilise real time data and notifications to improve safety, reduce downtime and increase productivity throughout their fleets. WALTCO has also moved to a new location in Streetsboro, Ohio. The new facilities will provide a better environment for employees, improve productivity and serve customers' better.

In December, Hiab launched the MOFFETT E4 NX, its next generation eSeries of electric forklifts and the world's first all electric 3-wheel drive truck mounted forklift. The forklift is powered by lithium-ion batteries and features new controllers and the new HMI (Human Machine Interface) that displays battery capacity, machine performance and service information. The new MOFFETT eSeries, currently available in four E4 NX models with more being added, is not only beneficial to the environment as it has zero emissions, it is also much more comfortable and safer for the operator as it is virtually silent and has less vibrations than a diesel powered truck. The low noise means it can be operated without earplugs allowing the driver to both see and hear danger. It can also be operated at night-time and deliver the cargo inside warehouses. The MOFFETT eSeries have in-built connectivity so that owners can access Hiab's HiConnect™ that monitors over 100 machine parameters.

MacGregor

MacGregor is applying proven oil & gas technology and extensive operational experience to support the development of offshore wind and renewable energy, with Edda Wind and OHT contracts being good examples of this. In the second quarter, a digital technology-enabled Factory Acceptance Test (FAT) was also successfully completed on a MacGregor 3D-compensated crane to be installed on an offshore wind energy service operation vessel.

Also during the second quarter, MacGregor's test engineers based in Norway together with the remotely located shipowner (France), their client (Denmark) and the shipbuilder (Turkey) overcame Covid-19 restrictions and completed a significant key project milestone utilising digital technologies including CCTV feed from a crane's Augmented Reality Operator Station..

Continuing the development of MacGregor's condition-based monitoring and remote support capabilities, further OnWatch Scout pilot systems were successfully installed onboard a multi-purpose offshore supply vessel and a general cargo vessel during the year. This installation included the first electric merchant cranes to be connected to the OnWatch Scout solution, and the first installation of wireless antennas to transmit data from the cranes to the ship's office room instead of hard cabling.

MacGregor has made good progress with the OnWatch Scout pilot programme, with several now moving to commercial contracts and completion of the first five-year service agreement.

Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 59 (61) million in 2020. Investments in customer financing were EUR 26 (39) million. Depreciation, amortisation and impairment amounted to EUR 144 (134) million. The amount includes impairments worth EUR 16 (9) million, of which EUR 16 (8) million has been booked as restructuring costs.

Acquisitions and divestments in 2020

Navis, a part of Cargotec, acquired the assets of Biarri Rail, a global provider of planning and scheduling optimisation software for freight railroads on 20 March 2020 at a consideration of EUR 8.2 million. The acquired businesses' results have been consolidated into business area Kalmar's financial figures as of 1 April 2020.

On 1 October, Cargotec Corporation and Konecranes Plc announced that their respective Boards of Directors have signed a combination agreement and a merger plan to combine the two companies through a merger. Cargotec's extraordinary general meeting held on 18 December

2020 approved the merger. The combination is subject to, among other items, the obtaining of merger control approvals. Completion is expected on 1 January 2022. The planned effective date may change, and the actual effective date may be earlier or later than the above-mentioned date. Until the completion of the merger, Cargotec and Konecranes will carry out their respective businesses as separate and independent companies.

More information regarding acquisitions and divestments is available in Note 15, Acquisitions and disposals.

Operational restructurings

In May 2017, Cargotec announced it would target EUR 50 million savings by reducing indirect purchasing spend, streamlining processes and centralising administrative operations to Cargotec Business Services centre. The realised savings cumulatively since the beginning of the programme amount to approximately EUR 57 million. Around EUR 16 million savings were achieved during 2020.

In May, Cargotec concluded the change of ownership structure of its joint venture Rainbow-Cargotec Industries Co., Ltd (RCI) in China. As part of the agreement, Cargotec acquired certain operations and assets from Jiangsu Rainbow Heavy Industries Co., Ltd. (RHI) and approximately 160 employees moved over to Kalmar. Additional information about the sold ownership in RCI is disclosed in note 16, Joint ventures and associated companies.

In June, Kalmar signed a letter of intent with ARX Mining and Construction Equipment Private Limited (ARX), according to which ARX would become Kalmar’s contract manufacturing partner in India, responsible for the manufacturing and development of Indital branded products previously manufactured at Kalmar’s current multi-assembly unit in Bangalore. As a consequence, all the activities in the unit discontinued as of 12 June 2020.

In December, Kalmar agreed to transfer part of its crane engineering in China to Etteplan, a globally operating engineering company. As a consequence, approximately 70 Kalmar engineering employees in China moved to Etteplan on 1 January 2021.

Restructuring costs in the fourth quarter amounted to EUR 40 (53) million and to EUR 131 (80) million in year 2020. Approximately EUR 50 million of these costs did not have cash flow impact. We estimate the restructuring costs of ongoing restructuring programmes to be approximately EUR 40 million in total in 2021. The estimate does not include costs related to the merger between Cargotec and Konecranes and the restructuring cost estimate is subject to change.

It is difficult to estimate how the COVID-19 pandemic, and its negative effects on the economy, will develop. For that reason, Cargotec continues to actively adjust its costs to match the generally weaker economic situation. Cost saving measures have included temporary lay-offs, structural developments of the organisation, and other cost adjustments, for example.

More information regarding restructuring costs and other items affecting comparability is available in Note 7, Comparable operating profit.

Personnel

Cargotec employed 11,552 (31 Dec 2019: 12,587) people at the end of 2020. The number of personnel decreased as a result of restructuring specified in the previous chapter. The average number of employees of 2020 was 12,066 (1–12/2019: 12,470).

Salaries and remunerations to employees totalled EUR 617 (629) million in 2020.

The annual Compass Employee Engagement survey provides valuable information on our employees' work related feelings and thoughts. The Compass 2020 survey was renewed from the previous year. Although the results are not directly comparable, they indicate a positive trend.

The Compass 2020 survey had a completion rate of 80 (78) percent. Total favorability of all answers was 74 percent. According to the results, 83 percent of employees are highly or moderately engaged. In the 2019 survey, the closest corresponding results were 68 and 77 percent.

Team work remains clearly our stronghold. Team climate and performance received 81 percent favorability. Also Cargotec's sustainability received a high score of 79 percent favorable. Perceived stress, training and development opportunities as well as the communication of the company's future direction were identified as improvement areas. In these areas, favorability scores ranged around 40 to 50 percent.

Sustainability

During the year 2020, sustainability has become a higher priority than ever before. We focused intensively on our climate ambition work and announced our ambition to be a 1.5 degree company and signed the UN Global Compact's Business Ambition for 1.5°C campaign in May. We are confident that intelligent cargo handling is the solution to cutting greenhouse gas emissions in our value chain by 50 percent by 2030, which is our target validated by the Science Based Targets initiative. This is critical for limiting global warming to 1.5 degrees.

For the strategy period 2019–2021, our target for the eco portfolio was to achieve double sales growth compared to traditional products. Our eco portfolio has performed well during the COVID-19 pandemic and we met the 2021 target already ahead of schedule. We have recorded a significant growth in the sales of the eco portfolio when comparing the 2020 sales to sales in 2018, while at the same time, the sales of traditional products have decreased. The eco portfolio sales were 24 (21) percent of Cargotec's total sales in 2020.

In 2020, Cargotec received its highest CDP Climate change rating to date. Our score is B on a scale from A to D-, which indicates taking coordinated action on climate issues. CDP is a not-for-profit charity that runs a global disclosure system to score companies' and cities' level of environmental management.

Year 2020 has proven, more than ever, that the health and safety and wellbeing of employees is our top priority. In light of the global pandemic, we have put our efforts to ensure the health and safety of our personnel and the continuity of our business. Compliance with local regulations and authorities' recommendations across the organisation, as well as applying additional measures, have helped us throughout the year to ensure no major incidents affect our operations.

Our rolling 12 months industrial injury frequency rate (IIFR) improved to 5.2 (Q4 2019: 6.9). The IIFR in our assembly sites was 3.4 (7), while it was 6.2 (6.8) in our non-assembly operations. Our target for 2020 was to have an IIFR rate of 5.0 in our assembly operations and we managed to achieve it.

Cargotec supports diversity and inclusion and, to reflect that commitment, has signed the Diversity charter Finland. The charter is hosted under the EU Platform of Diversity Charters created in 2010. We believe that diversity is a driver for creativity and innovation, as it acts as an incentive for individuals to fully reveal their knowledge and competence. By promoting diversity we strive to create a better social climate and overall environment of acceptance and tolerance.

In 2020, we continued working on the supplier development. Each business area has its own sourcing organisation and they manage sourcing matters on that level. Last year the focus of the sourcing organisations was on mitigating potential delivery risks in light of the COVID-19 pandemic, as well as ensuring supply continuity. Our focus has been in assessing the financial health and risks of our suppliers and ensuring we maintain our long-term strategic supplier relationships.

Leadership Team

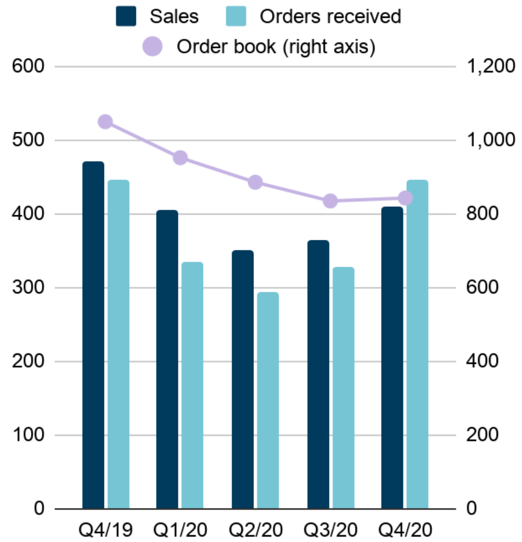
On 31 December 2020, Cargotec's Leadership Team consisted of Mika Vehviläinen, CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; Soili Mäkinen, CIO; Outi Aaltonen, General Counsel; Carina Geber-Teir, Senior Vice President, Communications; Antti Kaunonen, President, Kalmar Automation Solutions; Stefan Lampa, President, Kalmar Mobile Solutions; Scott Phillips, President, Hiab; and Michel van Roozendaal, President, MacGregor.

Reporting segments

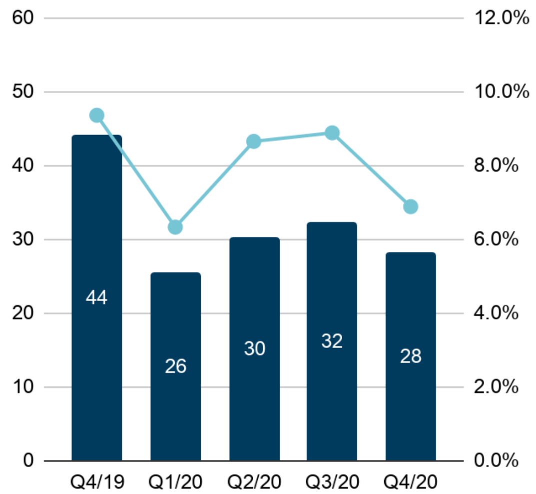
Kalmar

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Orders received	445	446	0%	1,401	1,776	-21%
Order book, end of period	842	1,049	-20%	842	1,049	-20%
Sales	411	471	-13%	1,529	1,723	-11%
Service sales	119	124	-4%	437	464	-6%
% of sales	29%	26%		29%	27%	
Software sales	45	46	-4%	166	169	-1%
% of sales	11%	10%		11%	10%	
Operating profit	19.5	41.2	-53%	61.8	154.4	-60%
% of sales	4.7%	8.7%		4.0%	9.0%	
Comparable operating profit	28.2	44.1	-36%	116.4	161.8	-28%
% of sales	6.9%	9.4%		7.6%	9.4%	
Personnel, end of period	5,526	5,625	-2%	5,526	5,625	-2%

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



In the fourth quarter, orders received by Kalmar remained at the comparison period level and totalled EUR 445 (446) million. Orders received increased in mobile equipment and decreased in automation and project business.

Major orders received by Kalmar in 2020 included:

- Three fully electric Kalmar AutoRTG (rubber-tyred gantry) cranes to Oslo Port Authority (Q1),
- ten Kalmar Eco reachstackers, five empty container handlers, one medium forklift and a 4-year Kalmar Care service agreement with ACFS in Australia (Q2),
- ten Kalmar AutoStrad™ units to Patrick Terminals in Australia (Q2),
- 38 terminal tractors to Yilport in Ecuador and Sweden (Q3),
- DP World's order of 12 terminal tractors and two empty container handlers to the Dominican Republic as well as three reachstackers and six terminal tractors to Chile (Q3),
- repeat order of 20 Kalmar hybrid shuttle carriers from The Port of Virginia, a deep water port in the U.S. East Coast (Q3),
- 42 next-generation diesel-electric straddle carriers to Maher Terminals LLC in New Jersey, USA (Q4), and
- 400 Kalmar Ottawa terminal tractors for a global customer (Q4).

Kalmar’s orders received in 2020 decreased by 21 percent and totalled EUR 1,401 (1,776) million.

Kalmar’s order book decreased by 20 percent from the end of 2019, and at the end of 2020 it totalled EUR 842 (31 Dec 2019: 1,049) million.

Kalmar’s fourth quarter sales decreased by 13 percent from the comparison period and totalled EUR 411 (471) million. Service sales decreased by 4 percent and totalled EUR 119 (124) million, representing 29 (26) percent of sales. Software sales decreased by 4 percent and amounted to EUR 45 (46) million.

In 2020 sales decreased by 11 percent and totalled EUR 1,529 (1,723) million. Service sales decreased by 6 percent and totalled EUR 437 (464) million, representing 29 (27) percent of sales. Software sales decreased by 1 percent and amounted to EUR 166 (169) million.

Kalmar’s fourth quarter operating profit decreased by 53 percent and totalled EUR 19 (41) million. The operating profit includes EUR -9 (-3) million in items affecting comparability. The comparable operating profit amounted to EUR 28 (44) million, representing 6.9 (9.4) percent of sales. Kalmar’s comparable operating profit decreased due to decline in sales as well as increased share of project business in sales, partly offset by productivity improvements and cost savings.

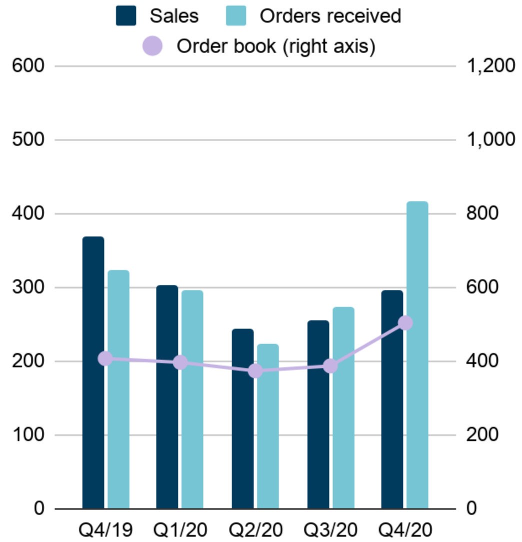
Kalmar’s operating profit in 2020 totalled EUR 62 (154) million. Operating profit includes EUR -55 (-7) million in items affecting comparability. Comparable operating profit amounted to EUR 116 (162) million, representing 7.6 (9.4) percent of sales. Kalmar’s comparable operating profit decreased due to decline in sales and increased share of project business in sales, partly offset by productivity improvements and cost savings.

Cargotec announced in February 2020 that the company has decided to evaluate strategic alternatives for its Navis business to identify the best options to support its future development. In the January–March interim report, Cargotec announced that the evaluation had been paused due to the coronavirus pandemic. In October, Cargotec announced that it has decided to continue the strategic evaluation. As part of the evaluation of options, a preliminary call for tenders was conducted and on 3 December Cargotec announced that the amount and level of the received preliminary and indicative offers suggest that proceeding with a sale is a better possible option for Cargotec and Navis than other presented solutions. Consequently, Cargotec’s Board of Directors decided to initiate the actual sales process of the Navis software business. The preliminary indicative offers are not binding and the possible sale of the Navis software business and the terms of the transaction will only be confirmed once the actual sales process has been completed. Cargotec aims to complete the sales process during the first half of 2021.

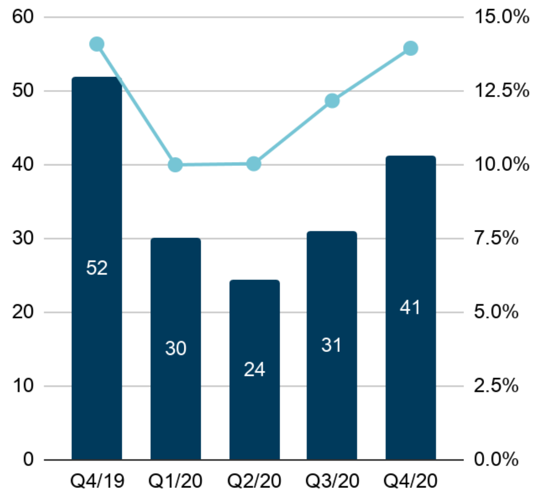
Hiab

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Orders received	417	322	30%	1,210	1,310	-8%
Order book, end of period	503	406	24%	503	406	24%
Sales	295	368	-20%	1,094	1,350	-19%
Service sales	83	87	-5%	318	343	-7%
% of sales	28%	24%		29%	25%	
Operating profit	25.0	48.3	-48%	97.3	159.3	-39%
% of sales	8.5%	13.1%		8.9%	11.8%	
Comparable operating profit	41.1	51.8	-21%	126.5	170.2	-26%
% of sales	13.9%	14.1%		11.6%	12.6%	
Personnel, end of period	3,390	4,028	-16%	3,390	4,028	-16%

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



Hiab's orders received for the fourth quarter increased by 30 percent from the comparison period and totalled EUR 417 (322) million. Orders received increased in EMEA, Americas and in Asia-Pacific. Major orders received by Hiab in 2020 included:

- EUR 7.5 million order for MOFFETT truck mounted forklifts from a roofing and building supply company in the US (Q3),
- EUR 5 million order for MOFFETT truck mounted forklifts from a home improvement company in the US (Q3),
- EUR 1.6 million order for WALTCO tail lifts from a leading automobile spare parts provider in the US (Q3),

- 540 MULTILIFT MSH military hooklifts ordered by Rheinmetall MAN Military Vehicles (Q4). The hooklifts will be fitted on RMMV vehicles and supplied to Germany's Federal Office for Bundeswehr Equipment, Information Technology and In-Service Support (BAAINBw). The order is an initial part of an agreement to supply up to 4,000 hooklifts from 2021 to 2027, which can lead to a value of over EUR 180 million,
- 110 MULTILIFT hooklifts ordered by Hiab’s Swiss dealer Notterkran. The hooklifts will be installed on vehicles by Notterkran and supplied to armasuisse, The Swiss Federal Office for Defence Procurement, for application by the Swiss Army (Q4),
- several large distributor orders: two ordered loader cranes for a combined value of EUR 12.4 million and EUR 9 million respectively, as well as truck mounted forklifts for a value of EUR 10 million by one of them (Q4),
- EUR 13 million order for MOFFETT truck mounted forklifts by a US customer Q4 and,
- EUR 4 million order for HIAB loader cranes by a US customer (Q4).

Hiab’s orders received in 2020 decreased by 8 percent and totalled EUR 1,210 (1,310) million.

Hiab’s order book increased by 24 percent from the end of 2019 and totalled EUR 503 (31 Dec 2019: 406) million at the end of the year.

Hiab’s fourth quarter sales decreased by 20 percent and totalled EUR 295 (368) million. Service sales decreased by 5 percent from the comparison period to EUR 83 (87) million, representing 28 (24) percent of sales. In 2020, Hiab’s sales decreased by 19 percent and totalled EUR 1,094 (1,350) million. Service sales decreased by 7 percent to EUR 318 (343) million, representing 29 (25) percent of sales.

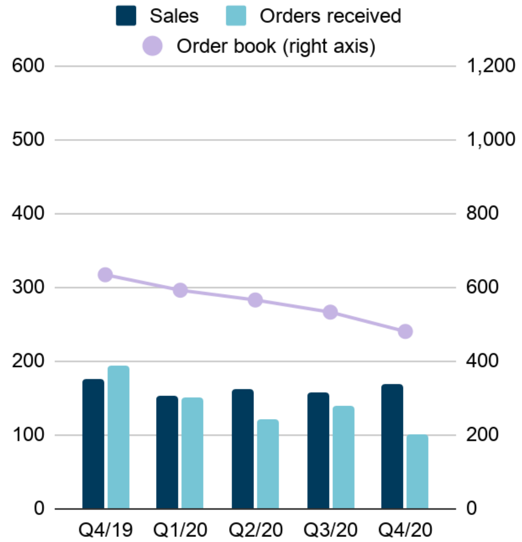
Hiab’s fourth quarter operating profit decreased from the comparison period by 48 percent and totalled EUR 25 (48) million. The operating profit includes EUR -16 (-3) million in items affecting comparability. The comparable operating profit amounted to EUR 41 (52) million, representing 13.9 (14.1) percent of sales. Hiab’s comparable operating profit decreased due to the decline in sales. However, Hiab’s comparable operating margin remained close to the comparison period level due to productivity improvements and cost savings as well as higher sales margins.

Hiab’s operating profit in 2020 totalled EUR 97 (159) million. Operating profit includes EUR -29 (-11) million in items affecting comparability. Comparable operating profit amounted to EUR 126 (170) million, representing 11.6 (12.6) percent of sales. Hiab’s comparable operating profit decreased due to the decline in sales, partly offset by productivity improvements and cost savings as well as higher sales margins.

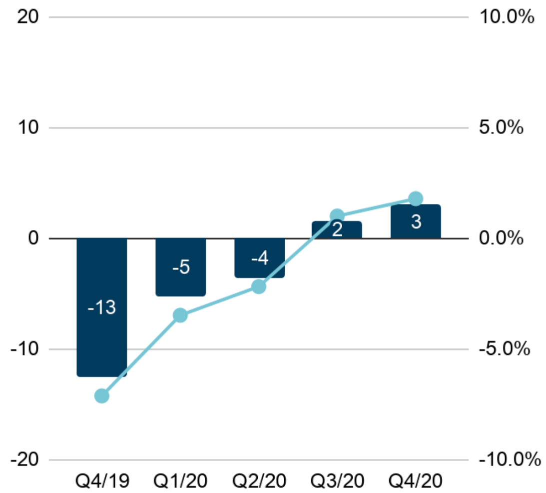
MacGregor

MEUR	Q4/20	Q4/19	Change	2020	2019	Change
Orders received	100	193	-48%	511	630	-19%
Order book, end of period	480	633	-24%	480	633	-24%
Sales	168	176	-5%	642	611	5%
Service sales	61	74	-18%	250	255	-2%
% of sales	36%	42%		39%	42%	
Operating profit	-12.6	-59.9	79%	-48.2	-83.3	42%
% of sales	-7.5%	-34.1%		-7.5%	-13.6%	
Comparable operating profit	3.0	-12.5	> 100%	-4.3	-28.2	85%
% of sales	1.8%	-7.1%		-0.7%	-4.6%	
Personnel, end of period	1,987	2,350	-15%	1,987	2,350	-15%

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



MacGregor's orders received in the fourth quarter decreased by 48 percent from the comparison period to EUR 100 (193) million. Orders received decreased in EMEA and in Asia-Pacific, and remained at the comparison period level in Americas. Over two thirds of the orders received were related to merchant ships and less than a third to the offshore sector.

MacGregor's major orders received in 2020 included:

- Renewable energy related contracts including the supply of equipment to four offshore wind service vessels which will expand the Edda Wind fleet (Q1), the offshore wind business of Norway's Østensjø Group, and a mission-critical system to be installed on the OHT offshore wind foundation installation vessel, *Alfa Lift*. The OHT order is the largest single vessel contract secured to date by MacGregor (Q3),
- two contracts (Q2 and Q3) to provide cargo handling cranes for eight 62,000 dwt general cargo ships. One of the contracts also includes provision of the MacGregor OnWatch Scout condition-based monitoring system,
- two orders from Japan to provide full hardware supply including ramps and lifting platforms for two RoPax ferries and two material supply vessels (Q3),
- an order from Asia to supply a wide range of equipment for two RoPax ferries, being one of the largest RoPax contracts secured by MacGregor in recent years (Q3),
- an order from Scandinavia for a group of Linkspans comprising several ramps for efficient loading of both main and upper ferry decks (Q3) and,
- the first five-year OnWatch Scout Predict service agreement with North Sea Shipping (Q4).

MacGregor's orders received in 2020 decreased by 19 percent from the comparison period to EUR 511 (630) million.

MacGregor's order book decreased by 24 percent from the end of 2019, totalling EUR 480 (31 Dec 2019: 633) million at the end of the year. Around 70 percent of the order book is merchant ship-related and around 30 percent is offshore vessel-related.

MacGregor's fourth quarter sales decreased by 5 percent from the comparison period to EUR 168 (176) million. Service sales decreased by 18 percent and totalled EUR 61 (74) million, representing 36 (42) percent of sales. In 2020 sales increased by 5 percent from the comparison period to EUR 642 (611) million. Service sales declined by 2 percent to EUR 250 (255) million, representing 39 (42) percent of sales.

MacGregor's operating profit for the fourth quarter totalled EUR -13 (-60) million. Operating profit includes EUR -16 (-47) million in items affecting comparability. The comparable operating profit totalled EUR 3 (-13) million, representing 1.8 (-7.1) percent of sales. MacGregor's comparable operating profit increased driven by cost savings achieved by restructurings and sales margins.

MacGregor's operating profit in 2020 totalled EUR -48 (-83) million. Operating profit includes EUR -44 (-55) million in items affecting comparability. Comparable operating profit totalled EUR -4 (-28) million, representing -0.7 (-4.6) percent of sales. MacGregor's comparable operating profit increased driven by cost savings achieved by restructurings and higher sales margins. In 2020, cost savings from restructuring and TTS integration amounted to EUR 20 million. Savings target for 2021 is EUR 13 million.

Annual General Meeting and shares

Decisions taken at the Annual General Meeting

Cargotec Corporation's Annual General Meeting was held on 27 May 2020 in Helsinki. The Annual General Meeting approved a distribution of dividends by paying the dividend in two instalments, the first instalment was paid directly based on the decision of the Annual General Meeting and the second instalment based on a decision of the Board.

The first instalment of the dividend distribution is a dividend of EUR 0.59 for each of class A shares and a dividend of EUR 0.60 for each of class B shares outstanding. The dividend was paid to shareholders who on the record date of dividend distribution, 29 May 2020, were registered as shareholders in the company's shareholder register. The payment date was 5 June 2020.

On 25 August, Cargotec's Board of Directors decided on the second instalment of the dividend based on the authorisation granted to the Board by the Annual General Meeting. The second instalment of the dividend distribution is a dividend of EUR 0.60 for each of class A shares and a dividend of EUR 0.60 for each of class B shares outstanding. The second instalment of the dividend was paid to shareholders who were registered in the shareholders' register on the record date 27 August 2020. The payment date was 3 September 2020.

The meeting adopted the financial statements and consolidated financial statements and the remuneration policy. The meeting granted discharge from liability to the CEO and the members of the Board of Directors for the financial year 1 January–31 December 2019.

The number of the Board members was confirmed at eight. The current Board members 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 yearly remunerations stayed unchanged: EUR 85,000 will be paid to the Chairman of the Board, EUR 60,000 to the Vice Chairman, EUR 60,000 to the Chairman of the Audit and Risk Management Committee and EUR 45,000 to the other Board members. In addition, members are paid EUR 1,000 for attendance at board and committee meetings. 30 percent of the yearly remuneration will be paid in Cargotec's class B shares and the rest in cash and Cargotec will cover the transfer taxes related to the Board remuneration paid in shares.

The Annual General Meeting elected accounting firm PricewaterhouseCoopers Oy as the company’s auditor. The fees to the auditors were decided to be paid according to their invoice reviewed by the company

The Annual General Meeting authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of Cargotec's shares with non-restricted equity. Altogether no more than 6,400,000 shares in the company may be purchased and/or accepted as pledge, of which no more than 952,000 are class A shares and 5,448,000 are class B shares. This authorisation shall remain in effect for a period of 18 months from the resolution by the general meeting and it will supersede the previous one.

On 27 May 2020, Cargotec Corporation's Board of Directors elected by the Annual General Meeting elected in 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 27 May 2020. The stock exchange releases and presentations of the members of the Board of Directors are available on Cargotec's website at www.cargotec.com.

Decisions taken at the Extraordinary General Meeting

The extraordinary general meeting of Cargotec Corporation held in Helsinki on 18 December 2020, resolved to approve the merger of Cargotec and Konecranes and the resolutions relating to the merger proposed to the general meeting.

The extraordinary general meeting resolved on the merger of Konecranes into Cargotec through a statutory absorption merger under the Finnish Companies Act in accordance with the merger plan concluded and published on 1 October 2020 and approved the merger plan.

The general meeting resolved, conditionally upon the completion of the merger, to amend the articles of association of Cargotec in accordance with the merger plan.

The general meeting resolved that the shareholders of Konecranes shall upon the completion of the merger and after the share split referred to below receive as merger consideration in accordance with the merger plan 2.0834 new class B shares and 0.3611 new class A shares in Cargotec for each share they hold in Konecranes. In case the number of shares received by a shareholder of Konecranes as merger consideration is a fractional number, the fractions shall be rounded down to the nearest whole number. Fractional entitlements to new shares of Cargotec shall be aggregated and sold on Nasdaq Helsinki Ltd and the proceeds shall be distributed to shareholders of Konecranes entitled to receive such fractional entitlements in proportion to holding of such fractional entitlements. Any costs related to the sale and distribution of fractional entitlements shall be borne by Cargotec.

The general meeting resolved in accordance with the proposal of the board of directors, conditionally upon the completion of the merger, to establish a permanent shareholders' nomination board to prepare the election and remuneration of the board of directors and confirm the charter for the nomination board in the form appended to the meeting notice.

The general meeting resolved in accordance with the proposal of the board of directors to authorise the board to decide on a share issue without payment in which each shareholder in Cargotec will be issued new shares in Cargotec without payment in proportion to their holdings so that two (2) new class A shares in Cargotec would be issued for each existing class A share and two (2) new class B shares in Cargotec would be issued for each existing class B share. The share issue authorisation can be used only for the purpose of enabling the issuance of the merger consideration under the merger plan. The board is authorised to decide on other matters related to the share issue. The share issue without payment will be executed in the book-entry system and does not require any actions to be taken by the shareholders. The authorisation shall be effective until 31 December 2022 and shall not invalidate earlier share issue authorisations.

The general meeting was arranged in accordance with the temporary act (677/2020) in such a way that Cargotec's shareholders and their proxy representatives were able to participate in the general meeting and exercise shareholder rights only by voting in advance and by asking questions in advance. The resolutions proposed to the general meeting formed an entirety. The proposals were supported by 99.23 percent of the votes cast and 97.52 percent of the shares represented at the meeting. The proposals were opposed by 0.77 percent of the votes cast and 2.33 percent of the shares represented at the meeting. In total, 0.15 percent of the shares represented at the meeting abstained from voting.

The completion of the merger is still subject to, inter alia, obtaining necessary merger control approvals by the relevant competition authorities. The planned effective date of the merger is 1 January 2022. The planned effective date may change, and the actual effective date may be earlier or later than the above-mentioned date.

Shares and trading

Share capital, own shares and share issue

Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of December. The number of class B shares was 55,182,079, while the number of class A shares totalled 9,526,089.

On 17 March 2020, 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 the performance period 2018–2019 of Cargotec's share-based incentive programme launched in 2017 and first matching period of matching share programme.

In the share issue, 73,067 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 8 February 2017 and on 20 February 2019.

The Board of Directors of Cargotec Corporation decided on 27 May 2020 on a directed share issue related to the Board members annual remuneration. In the share issue, in total 6,421 own class B shares held by the company were transferred without consideration to the Board members. According to the decision made in the Annual General Meeting on 27 May 2020, 30 percent of the Board members' yearly remuneration will be paid in Cargotec's class B shares.

The decisions on the directed share issues were 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.

At the end of 2020, Cargotec held a total of 224,840 own class B shares, accounting for 0.35 percent of the total number of shares and 0.15 percent of the total number of votes. At the end of the year, the number of outstanding class B shares totalled 54,957,239.

Share-based incentive programmes

In February 2020, the Board of Directors resolved on the performance criteria for the share-based incentive programme for the year 2020. 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 the performance criteria for each measuring period.

For the performance period of 2019–2020, the potential reward of the measuring period 2020 will be based on the business areas' service gross profit for the key employees of the business areas Kalmar, Hiab and MacGregor, and for Navis software divisions' key employees, on Navis' sales and on strategic targets of cloud business. For Cargotec Corporate key employees, the performance criterion is Cargotec's service gross profit.

In February 2020, the Board of Directors also resolved to establish a new share-based incentive programme directed to the key employees of Cargotec. The aim of the programme is to combine the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to commit the key employees to implement Cargotec's strategy, and to offer them a competitive reward plan based on earning the Company's shares.

The performance share programme includes three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. Each performance period includes one to three measuring periods. One measuring period can be three calendar years at maximum, which is the total length of one performance period. For the measuring periods, the Board of Directors will annually resolve the length, the performance criteria and the required performance levels for each criterion.

During the performance period 2020–2022, the programme is directed to approximately 150 key employees, including the members of Cargotec Leadership Team. The Board of Directors has resolved that the performance period’s first measuring period is one calendar year. For the key employees of the business areas Kalmar, Hiab and MacGregor, the potential reward of the programme from the measuring period 2020 will be based on the business areas' earnings per share (EPS), and for Navis software divisions' key employees, on Navis' sales and on strategic targets of cloud business. For the Cargotec Corporate key employees, the performance criteria is Cargotec's earnings per share (EPS). The rewards to be paid on the basis of the performance period 2020–2022 will amount up to an approximate maximum total of 340,000 Cargotec's class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees.

After the end of the performance period, the Board of Directors will confirm the cumulative amount of rewards earned from the measuring periods, and potential rewards from the performance period 2020–2022 will be paid partly in Cargotec's class B shares and partly in cash in 2023. 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.

In addition, The Board of Directors of Cargotec Corporation resolved to establish a new restricted shares programme for calendar years 2020–2022, 2021–2023 and 2022–2024. As a part of total compensation, restricted share grants can be allocated for selected key employees for recruitment and retention purposes. For the first programme period 2020–2022 the rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 16,500 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 October 2020, The Board of Directors of Cargotec Corporation decided to establish a new share-based incentive programme for the Group key employees. The new Restricted Share Unit Programme 2020 is intended to function as a bridge programme for the transition period before the closing of the merger between Cargotec and Konecranes and forming the future company in the merger. The aim of the Programme is to align the objectives of the shareholders and the key employees, to secure business continuity during the transition period, and to retain key employees at the Company.

The reward from the programme is conditional to the closing of the transaction. In addition, the reward is based on a valid employment or service and the continuity of the employment or service during the waiting period. The reward is paid partly in shares and partly in cash, after the end of the waiting period, ending on the closing date of the transaction. Shares received as a reward in the programme may not be sold, transferred, pledged or otherwise assigned during the 12-month lock-up period. The lock-up period begins on the date following the closing date of the transaction.

The programme is intended for approximately 70 Cargotec Group's key employees, including selected Leadership Team members. The rewards to be allocated on the basis of the programme will amount up to an approximate maximum total of 100,000 Cargotec Corporation class B shares. In addition, a cash proportion is included in the reward to cover taxes and tax-related costs arising from the reward.

Market capitalisation and trading

At the end of 2020, the total market value of class B shares was EUR 1,859 (1,660) 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 2,182 (1,950) million, excluding own shares held by the company.

The class B share closed at EUR 33.82 (30.24) on the last trading day of December on Nasdaq Helsinki. The volume-weighted average share price in 2020 was EUR 24.77 (31.09), the highest quotation being EUR 37.14 (38.48) and the lowest EUR 15.15 (24.12). During the period, a total of 55 (29) million class B shares were traded on Nasdaq Helsinki, corresponding to a turnover of EUR 1,369 (892) million. In addition, according to Fidessa, a total of 55 (40) million class B shares were traded in several alternative marketplaces, such as Cboe BXE and Cboe APA, corresponding to a turnover of EUR 1,441 (1,266) million.

Short-term risks and uncertainties

Developments in the global economy and cargo flows have a direct effect on Cargotec's operating environment and customers' willingness to invest. A slowdown in global economic growth, political uncertainty and trade wars could have an impact on global flow of goods and therefore on the demand of Cargotec's solutions.

The coronavirus pandemic has direct and indirect impacts on Cargotec's business, and the pandemic exposes personnel to a higher risk of illness. Closures of factories, increased safety measures and movement restrictions in accordance with government regulations may limit Cargotec's business prerequisites, and can make it difficult to sell, operate and deliver Cargotec's solutions. Spread of the pandemic and related restrictions may affect the operating environment adversely. Challenges related to the availability, retention and mobility of skilled workforce impact operational performance negatively. The pandemic situation and related operating constraints may have weakened the operational capacity and financial situation of suppliers involved in Cargotec's supply chain, which can hamper Cargotec's ability to deliver products, solutions and services to its customers.

A slowdown or contraction in global economic growth may lower the container traffic growth rate, which affects demand and deliveries for Kalmar's cargo handling solutions. Project executions 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. Possible restructurings in supply chains can incur significant costs.

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. Similarly, a stronger dollar could strengthen Hiab's results.

MacGregor's market situation involves uncertainties. It is anticipated that the oversupply in the merchant ship market will take time to balance out, since capacity will continue to increase while demand is expected to grow very moderately. The tightening emission regulation for ships and related uncertainty may limit new investments in the short term. The uncertainty regarding oil price development and global decarbonisation targets have led to an intense fall in investments by the oil industry and created oversupply in the offshore market that has decreased offshore vessel investments. The concurrent deterioration in both markets has a negative impact on the financial situation of shipyards, ship owners, and ship operators. A longer-term market downturn could result in an impairment of MacGregor's goodwill.

In the challenging market situation, customers may also try to postpone or cancel orders. Deterioration of the global economic outlook and access to finance can lead to economic and financial difficulties among customers. In some cases their financial position may deteriorate significantly or even lead to insolvency. Challenges and uncertainties related to deliveries may increase Cargotec's net working capital and reduce cash flow.

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, costs, achieving targets 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 actions to ensure compliance with its business guidelines, regulations and ethical principles. Related internal processes are constantly being developed.

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

Board of Directors' proposal on the distribution of profit

The parent company's distributable equity on 31 December 2020 was EUR 753,008,900.10. The Board of Directors proposes to the Annual General Meeting convening on 23 March 2021 that of the distributable profit, a dividend of EUR 1.07 for each of the 9,526,089 class A shares and EUR 1.08 for each of the 54,957,239 outstanding class B shares be paid, totalling EUR 69,546,733.35. The remaining distributable equity, EUR 683,462,166.75 will be retained and carried forward.

The dividend shall be paid to shareholders who on the record date for dividend distribution, 25 March 2021, are registered as shareholders in the company's shareholder register. The dividend payment date proposed by the Board of Directors is 1 April 2021.

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

Events after the reporting period

Cargotec announced on 12 January 2021 about concluding a settlement with Nekkar ASA on TTS marine and offshore businesses' purchase price. After completing the acquisition of the marine and offshore businesses of TTS Group ASA (now Nekkar ASA) on 31 July 2019, and challenging the calculation of the purchase price, MacGregor has concluded a settlement agreement with Nekkar. The settlement agreement provides for a total payment of NOK 94 million (EUR 9.1 million) to be made by Nekkar to MacGregor in full and final settlement of the disputed purchase price. The payment is net of NOK 8 million (EUR 0.8 million) previously withheld by MacGregor related to the fulfillment of Nekkar tax obligations in China following completion of the acquisition. The settlement amount will have an approximately EUR 7 million positive impact on MacGregor's first quarter 2021 operating profit.

Outlook for 2021

Cargotec expects its comparable operating profit for 2021 to improve from 2020 (EUR 228 million[8]).

[8] Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation, which amounted to EUR 24 million in 2020. Comparison figure has been calculated based on the new definition. Restatement for 2020 figures will be published before Q1/21 result announcement.

Annual General Meeting 2021

The Annual General Meeting of Cargotec Corporation will be held in Helsinki on Tuesday, 23 March 2021 at 1.00 p.m. EET.

Financial calendar 2021

Cargotec's Financial Statements 2020 and Annual Report 2020 will be available at www.cargotec.com on week 8

The Annual General Meeting of Cargotec Corporation will be held on Tuesday, 23 March 2021

Interim report January–March 2021, on Wednesday, 28 April 2021

Half year financial report January–June 2021, on Wednesday, 28 July 2021

Interim report January–September 2021, on Thursday, 28 October 2021

Helsinki, 4 February 2021
Cargotec Corporation
Board of Directors

THE MERGER AND THE MERGER CONSIDERATION SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN OR INTO THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION OF, OR IN A TRANSACTION NOT SUBJECT TO, THE U.S. SECURITIES ACT.

Consolidated statement of income

MEUR	Note	Q4/20	Q4/19	2020	2019
Sales	5	**872.8**	**1,014.7**	**3,263.4**	**3,683.4**
Cost of goods sold		-672.4	-775.1	-2,535.5	-2,810.3
Gross profit		**200.4**	**239.6**	**727.9**	**873.1**
Gross profit, %		*23.0%*	*23.6%*	*22.3%*	*23.7%*
Other operating income		8.3	8.7	48.0	33.5
Selling and marketing expenses		-51.6	-62.6	-199.5	-238.4
Research and development expenses		-29.3	-30.4	-107.9	-105.6
Administration expenses		-60.5	-76.1	-236.7	-269.3
Restructuring costs	7	-39.9	-53.5	-131.0	-80.1
Other operating expenses		-10.6	-10.5	-35.7	-33.8
Costs and expenses		-183.5	-224.3	-662.9	-693.7
Share of associated companies' and joint ventures' net income		0.7	2.7	5.3	0.6
Operating profit		**17.6**	**18.0**	**70.4**	**180.0**
Operating profit, %		*2.0%*	*1.8%*	*2.2%*	*4.9%*
Financing income		0.4	0.3	2.8	4.0
Financing expenses		-13.4	-10.2	-38.7	-38.1
Income before taxes		**4.5**	**8.2**	**34.5**	**145.9**
Income before taxes, %		*0.5%*	*0.8%*	*1.1%*	*4.0%*
Income taxes	9	2.1	-8.5	-26.4	-56.5
Net income for the period		**6.6**	**-0.3**	**8.1**	**89.4**
Net income for the period, %		*0.8%*	*0.0%*	*0.2%*	*2.4%*

Net income for the period attributable to:					
Equity holders of the parent		6.5	-0.3	8.1	89.4
Non-controlling interest		0.1	0.0	-0.1	0.0
Total		**6.6**	**-0.3**	**8.1**	**89.4**

Earnings per share for profit attributable to the equity holders of the parent:					
Earnings per share, EUR		0.10	-0.00	0.13	1.39
Diluted earnings per share, EUR		0.10	-0.00	0.13	1.39

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

Consolidated statement of comprehensive income

MEUR	Q4/20	Q4/19	2020	2019
Net income for the period	**6.6**	**-0.3**	**8.1**	**89.4**
Other comprehensive income				
Items that cannot be reclassified to statement of income:				
Actuarial gains (+) / losses (-) from defined benefit plans	-1.9	-15.1	-1.2	-13.9
Gains (+) / losses (-) on designated share investments measured at fair value	-0.9	-	5.5	-
Taxes relating to items that cannot be reclassified to statement of income	0.5	3.1	0.3	2.8
Items that can be reclassified to statement of income:				
Gains (+) / losses (-) on cash flow hedges	20.4	14.6	35.2	2.6
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	-10.3	0.3	-19.9	3.9
Translation differences	-8.3	-8.7	-77.9	11.1
Taxes relating to items that can be reclassified to statement of income	-0.3	-3.7	-1.8	-2.1
Other comprehensive income, net of tax	**-0.9**	**-9.5**	**-59.8**	**4.5**
Comprehensive income for the period	**5.7**	**-9.8**	**-51.8**	**93.8**
Comprehensive income for the period attributable to:				
Equity holders of the parent	5.7	-9.8	-51.5	93.7
Non-controlling interest	0.1	0.0	-0.2	0.2
Total	**5.7**	**-9.8**	**-51.8**	**93.8**

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

Consolidated balance sheet

ASSETS, MEUR	Note	31 Dec 2020	31 Dec 2019
Non-current assets			
Goodwill		971.9	1,058.5
Other intangible assets		185.8	296.1
Property, plant and equipment		429.7	489.7
Investments in associated companies and joint ventures	16	56.7	120.8
Share investments	16	37.5	0.3
Loans receivable and other interest-bearing assets*	11	18.4	29.1
Deferred tax assets		123.6	131.2
Derivative assets	12	0.1	-
Other non-interest-bearing assets		17.2	10.3
Total non-current assets		**1,840.9**	**2,136.0**
Current assets			
Inventories		579.7	713.0
Loans receivable and other interest-bearing assets*	11	4.3	1.3
Income tax receivables		25.4	24.1
Derivative assets	12	13.3	8.5
Accounts receivable and other non-interest-bearing assets		753.9	924.3
Cash and cash equivalents*	11	484.8	420.2
Total current assets		**1,861.4**	**2,091.4**
Assets held for sale	17	**185.7**	**-**
Total assets		**3,888.0**	**4,227.4**

*Included in interest-bearing net debt.

EQUITY AND LIABILITIES, MEUR	**Note**	**31 Dec 2020**	**31 Dec 2019**
Equity attributable to the equity holders of the parent			
Share capital		64.3	64.3
Share premium account		98.0	98.0
Translation differences		-110,9	-33.2
Fair value reserves		4.4	-9.1
Reserve for invested non-restricted equity		57.4	57.4
Retained earnings		1,185,6	1,247.1
Total equity attributable to the equity holders of the parent		**1,298.7**	**1,424.5**
Non-controlling interest		2.7	2.8
Total equity		**1,301.4**	**1,427.3**
Non-current liabilities			
Interest-bearing liabilities*	11	1,027.4	953.3
Deferred tax liabilities		20.6	39.1
Pension obligations		115.5	110.4
Provisions		7.2	7.0
Derivative liabilities	12	0.0	-
Other non-interest-bearing liabilities		62.6	66.0
Total non-current liabilities		**1,233.4**	**1,175.8**
Current liabilities			
Current portion of interest-bearing liabilities*	11	136.1	233.0
Other interest-bearing liabilities*	11	19.6	38.1
Provisions		105.9	114.3
Advances received		182.7	306.3
Income tax payables		21.7	21.1
Derivative liabilities	12	19.4	11.8
Accounts payable and other non-interest-bearing liabilities		797.5	899.8
Total current liabilities		**1,282.7**	**1,624.3**
Liabilities directly associated with assets held for sale	17	**70.5**	**-**
Total equity and liabilities		**3,888.0**	**4,227.4**

*Included in interest-bearing net debt.

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

Consolidated statement of changes in equity

	Attributable to the equity holders of the parent							Non-controlling interest	Total equity
MEUR	Share capital	Share premium account	Translation differences	Fair value reserves	Reserve for invested non-restricted equity	Retained earnings	Total		
Equity 1 Jan 2020	**64.3**	**98.0**	**-33.2**	**-9.1**	**57.4**	**1,247.1**	**1,424.5**	**2.8**	**1,427.3**
Net income for the financial year						8.1	8.1	-0.1	8.1
Cash flow hedges				13.5			13.5	0.0	13.5
Translation differences			-77.8				-77.8	-0.2	-77.9
Actuarial gains and losses from defined benefit plans						-0.9	-0.9		-0.9
Gains and losses on designated share investments measured at fair value						5.5	5.5		5.5
Comprehensive income for the period*	**-**	**-**	**-77.8**	**13.5**	**-**	**12,8**	**-51.5**	**-0.2**	**-51.8**
Profit distribution						-77.3	-77.3	-0.5	-77.8
Share-based payments						3.0	3.0		3.0
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-**	**-74.3**	**-74.3**	**-0.5**	**-74.8**
Transactions with non-controlling interests							-	0.6	0.6
Equity 31 Dec 2020	**64.3**	**98.0**	**-110.9**	**4.4**	**57.4**	**1,185.6**	**1,298.7**	**2.7**	**1,301.4**
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 financial year						89.4	89.4	0.0	89.4
Cash flow hedges				4.3			4.3	0.0	4.4
Translation differences			11.0				11.0	0.1	11.1
Actuarial gains and losses from defined benefit plans						-11.0	-11.0		-11.0
Comprehensive income for the period*	**-**	**-**	**11.0**	**4.3**	**-**	**78.3**	**93.7**	**0.2**	**93.8**
Profit distribution						-70.0	-70.7	-0.3	-71.0
Treasury shares acquired					-1.1		-1.1		-1.1
Share-based payments						1.6	1.6		1.6
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-1.1**	**-69.1**	**-70.2**	**-0.3**	**-70.5**
Transactions with non-controlling interests							-	0.0	0.0
Equity 31 Dec 2019	**64.3**	**98.0**	**-33.2**	**-9.1**	**57.4**	**1,247.1**	**1,424.5**	**2.8**	**1,427.3**

*Net of tax

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

Consolidated statement of cash flows

MEUR	Note	Q4/20	Q4/19	2020	2019
Net cash flow from operating activities					
Net income for the period		6.6	-0.3	8.1	89.4
Depreciation, amortisation and impairment	8	35.8	43.6	144.0	133.8
Financing items		13.1	9.8	35.9	34.1
Taxes		-2.1	8.5	26.4	56.5
Change in receivables		9.6	-39.8	106.8	-69.6
Change in payables		12.1	94.2	-149.2	106.5
Change in inventories		122.6	96.7	98.7	13.5
Change in net working capital		144.4	151.1	56.4	50.4
Other adjustments		-1.9	-4.8	25.6	-3.2
Cash flow from operations before financing items and taxes		**195.8**	**208.0**	**296.4**	**361.1**
Interest received		1.0	1.1	2.8	5.3
Interest paid		-4.3	-5.0	-25.8	-29.4
Dividends received		-	-	0.1	-
Other financing items		-6.5	3.5	-9.0	14.5
Income taxes paid		4.3	12.1	-24.5	-48.1
Net cash flow from operating activities		**190.3**	**219.7**	**240.0**	**303.5**
Net cash flow from investing activities					
Acquisitions of businesses, net of cash acquired	15	-0.3	-2.5	-12.1	-109.5
Disposals of businesses, net of cash sold	15	0.7	0.3	2.7	0.3
Investments in fixed assets		-12.5	-13.2	-46.7	-68.5
Disposals of fixed assets		8.6	2.8	25.9	20.8
Cash flow from investing activities, other items		7.1	-0.5	8.9	6.2
Net cash flow from investing activities		**3.6**	**-13.0**	**-21.3**	**-150.6**
Net cash flow from financing activities					
Treasury shares acquired		-	-	-	-2.2
Repayments of lease liabilities		-11.2	-13.5	-44.1	-45.5
Proceeds from long-term borrowings		-	-0.1	249.5	298.1
Repayments of long-term borrowings		-52.8	-16.5	-251.4	-168.3
Proceeds from short-term borrowings		-0.8	1.5	98.8	271.6
Repayments of short-term borrowings		-6.1	-112.8	-106.9	-257.8
Profit distribution		-3.6	-35.4	-77.8	-71.0
Net cash flow from financing activities		**-74.4**	**-176.7**	**-131.8**	**24.9**
Change in cash and cash equivalents		**119.5**	**29.9**	**86.9**	**177.8**
Cash and cash equivalents, and bank overdrafts at the beginning of period		369.8	380.3	409.8	225.5
Effect of exchange rate changes		-7.3	-0.4	-14.8	6.6
Cash and cash equivalents included in assets held for sale	17	0.4	-	0.4	-
Cash and cash equivalents, and bank overdrafts at the end of period		**482.3**	**409.8**	**482.3**	**409.8**
Bank overdrafts at the end of period		2.5	10.4	2.5	10.4
Cash and cash equivalents at the end of period		**484.8**	**420.2**	**484.8**	**420.2**

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

Notes to the financial statements review

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 quoted on Nasdaq Helsinki since 1 June 2005.

2. Accounting principles

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 2019 and comply with changes in IAS/IFRS standards effective from 1 January 2020 that had no material impact on the interim review. Cargotec has, according to its new accounting principle, measured at fair value through other comprehensive income the share investment described in note 16, Joint ventures and associated companies. In accordance with the applied accounting principle, all subsequent changes in the value of the asset are recognised directly in other comprehensive income excluding the received dividends.

All figures presented have been rounded which may cause, for example, the sum of individual figures to deviate from the presented sum total.

3. Information about the impact of COVID-19 in the financial reporting

The outbreak of COVID-19 was declared as a pandemic by the World Health Organisation on 11 March 2020. The pandemic has had a huge impact on societies, financial markets and businesses around the world and it has treated countries and industries very differently. The economic crisis caused by the pandemic has had a significant impact on Cargotec also and it is expected that in many aspects the effects of the crisis will only become apparent with a delay. As the full impact of the crisis is not yet visible and there are several possible development paths from the current situation, it is still difficult to assess the overall impact of the crisis.

During the first quarter of 2020, the pandemic situation led to the closure of Cargotec's assembly units in Spain, Ireland, Italy and Malaysia. The crisis had similar effects on Cargotec's subcontractors and suppliers. During the first quarter, Cargotec initiated adjustment measures to reduce the negative impact of the pandemic on earnings, which resulted in monthly cost savings of approximately EUR 10 million. Travel restrictions and delivery difficulties hampered business in the first quarter, but the impacts did not yet significantly affect the reported figures.

In the second quarter, the effects of the pandemic were reflected in both demand and Cargotec's delivery capability. Orders received improved every month after a weak April. Cargotec's assembly units could be restarted by June, and also challenges related to supply chains decreased. With the decrease in sales, the amount of customer receivables decreased, and at the same time the relative share of overdue trade receivables increased due to the economic situation.

In the third quarter, the situation did not change significantly. The pandemic showed signs of acceleration in many countries after the summer, but this did not have the same negative impact on business as in the spring. However, business volumes remained lower, reflecting the prevailing economic uncertainty, the slowdown in global economic growth and other indirect effects. At the same time, Cargotec shifted the focus of cost savings from temporary to more permanent savings.

In the fourth quarter, the pandemic situation remained difficult in many countries, but coronavirus vaccines have been launched and vaccinations are underway. Business volumes started to improve, with order intake in the fourth quarter at the level of the comparison period. Recorded sales revenues also developed in a positive direction, although they remained significantly below the level of the comparison period.

The loan loss provision related to customer receivables was EUR 19 (December 31, 2019: 19) million at the time of review. The share of overdue trade receivables decreased compared to the previous quarter, and there was no significant change in realized credit losses. Inventories decreased significantly during the financial year. The total amount of obsolescence of inventories also started to decrease in the fourth quarter and was EUR 105 (December 31, 2019: 98) million at the end of the year.

Cargotec prepared for a possible financial market imbalance by raising a total of EUR 250 million in loans from its partner banks during the second quarter. The loans have a term of two to three years and include a financing condition limiting the company's capital structure, according to which Cargotec's gearing in accordance with IFRS 16 may not exceed 125 percent. Additional information on the liquidity position is presented in Note 11, Interest-bearing net debt and liquidity.

For the near future, the immediate financial impact of the crisis on Cargotec's business will depend above all on the success of pandemic management in different countries. If the current situation persists, the indirect economic effects of the crisis are expected to intensify.

In the prevailing operating environment, Cargotec seeks to prepare for the identified and probable effects of the crisis. These effects have also been taken into account in the reported figures based on actual or forecasts, and the forecasts used in the current situation are significantly based on management's estimates.

Due to the current uncertainty related to the financial operating environment, Cargotec reported the key results of its annual goodwill impairment testing in connection with the financial reporting for the third quarter of 2020 and for MacGregor, the impairment test has been renewed on December 31, 2020.

MacGregor goodwill impairment testing

MacGregor's goodwill has been tested for impairment in 2020 on a quarterly basis. In the first quarter of the year the value of the recoverable amount exceeding the carrying value of assets was at its lowest at EUR 7 million after which it increased to EUR 127 million by the end of the year. The value is very sensitive to changes in WACC as well as forecasts, so the risk for impairment is still significant although it has decreased.

The recoverable amount of the MacGregor segment was determined based on value in use and the test showed a slight improvement over third quarter testing. The improvement was mainly due to lower WACC and changes in the balance sheet. The used WACC before taxes was 9.2% (December 31, 2019: 7.4% after taxes).

Based on the performed impairment tests, no impairment loss has been recognised. MacGregor's recoverable amount is still on a low level in comparison to the assets being tested. MacGregor segment's goodwill on the reporting date was EUR 481.9 (31 Dec 2019: 493.6) million.

As part of MacGregor's impairment testing, sensitivity analyses have been performed for the key assumptions based on three different scenarios. The changes tested in the analyses are a 2 percentage point increase in the discount rate in the first scenario, 10 percent decrease in turnover and 2 percentage point decrease in operating profit margin throughout the estimation period in the second scenario, and the combined effect of the previous scenarios in the third scenario. The results of the sensitivity analysis are presented in the table below.

MacGregor goodwill sensitivity analysis

		Sensitivity analysis scenarios and results		
		Scenario 1	**Scenario 2**	**Scenario 3**
	Recoverable amount in excess of book value of assets, MEUR	**WACC +2 percentage points**	**Sales -10 percent and operating profit - 2 percentage points**	**Sales -10 percent, operating profit -2 percentage points and WACC +2 percentage points**
31 Dec 2020	127.0	Impairment*	Impairment**	Impairment
31 Dec 2019	170.0	Impairment*	Impairment**	Impairment

*Threshold for impairment was WACC before taxes +1.3 percentage points (31 Dec 2019: WACC after taxes +1.2 percentage points).
**Threshold for impairment was estimation period sales -10 percent and operating profit -0.5 percentage points (31 Dec 2019: estimation period sales -10 percent and operating profit -0.8 percentage points).

Due to the current minor excess value of MacGregor's recoverable amount compared to the book value of assets, the amount to be written off would be significant if the scenarios considered in the sensitivity analysis realize; EUR 51 (31 Dec 2019: 29) million in the first scenario, EUR 168 (133) million in the second, and EUR 282 (274) million in the third.

Goodwill impairment testing of Kalmar and Hiab

As part of the annual goodwill impairment testing that was performed in the third quarter, the recoverable amounts of the Kalmar and Hiab segments were determined based on value in use. The pre-tax WACC used in the testing was 9.9% (2019: 10.4%) for Kalmar and 9.3% (9.6%) for Hiab. Based on the testing, no impairment was recorded in the goodwill of either segment, nor did any of the sensitivity analyses indicate an impairment. Sensitivity analyses were performed based on the same principles as the sensitivity analyses performed for MacGregor described above.

4. Segment information

Sales, MEUR	**Q4/20**	**Q4/19**	**2020**	**2019**
Kalmar	411	471	1,529	1,723
Hiab	295	368	1,094	1,350
MacGregor	168	176	642	611
Internal sales	-1	0	-1	-1
Total	**873**	**1,015**	**3,263**	**3,683**

Sales by geographical area, MEUR	**Q4/20**	**Q4/19**	**2020**	**2019**
EMEA	428	511	1,608	1,764
Americas	251	322	989	1,243
Asia-Pacific	194	182	666	677
Total	**873**	**1,015**	**3,263**	**3,683**

Sales by geographical area, %	**Q4/20**	**Q4/19**	**2020**	**2019**
EMEA	49%	50%	49%	48%
Americas	29%	32%	30%	34%
Asia-Pacific	22%	18%	21%	18%
Total	**100%**	**100%**	**100%**	**100%**

Operating profit and EBITDA, MEUR	**Q4/20**	**Q4/19**	**2020**	**2019**
Kalmar	19.5	41.2	61.8	154.4
Hiab	25.0	48.3	97.3	159.3
MacGregor	-12.6	-59.9	-48.2	-83.3
Corporate administration and support functions	-14.3	-11.5	-40.7	-50.4
Operating profit	**17.6**	**18.0**	**70.4**	**180.0**
Depreciation, amortisation and impairment	35.8	43.6	144.0	133.8
EBITDA	**53.4**	**61.7**	**214.4**	**313.8**

Operating profit, %	**Q4/20**	**Q4/19**	**2020**	**2019**
Kalmar	4.7%	8.7%	4.0%	9.0%
Hiab	8.5%	13.1%	8.9%	11.8%
MacGregor	-7.5%	-34.1%	-7.5%	-13.6%
Cargotec	2.0%	1.8%	2.2%	4.9%

Items affecting comparability, MEUR	**Q4/20**	**Q4/19**	**2020**	**2019**
Kalmar	-8.8	-2.9	-54.6	-7.4
Hiab	-16.1	-3.5	-29.1	-10.9
MacGregor	-15.6	-47.4	-43.8	-55.1
Corporate administration and support functions	-6.0	-2.5	-5.7	-10.9
Total	**-46.5**	**-56.3**	**-133.3**	**-84.4**

Comparable operating profit, MEUR	**Q4/20**	**Q4/19**	**2020**	**2019**
Kalmar	28.2	44.1	116.4	161.8
Hiab	41.1	51.8	126.5	170.2
MacGregor	3.0	-12.5	-4.3	-28.2
Corporate administration and support functions	-8.2	-9.0	-34.9	-39.5
Total	**64.1**	**74.3**	**203.6**	**264.4**

Comparable operating profit, %	**Q4/20**	**Q4/19**	**2020**	**2019**
Kalmar	6.9%	9.4%	7.6%	9.4%
Hiab	13.9%	14.1%	11.6%	12.6%
MacGregor	1.8%	-7.1%	-0.7%	-4.6%
Cargotec	7.3%	7.3%	6.2%	7.2%

Orders received, MEUR	**Q4/20**	**Q4/19**	**2020**	**2019**
Kalmar	445	446	1,401	1,776
Hiab	417	322	1,210	1,310
MacGregor	100	193	511	630
Internal orders received	0	0	-1	-1
Total	**963**	**962**	**3,121**	**3,714**

Orders received by geographical area, MEUR	**Q4/20**	**Q4/19**	**2020**	**2019**
EMEA	461	481	1,561	1,818
Americas	374	318	995	1,250
Asia-Pacific	129	163	566	646
Total	**963**	**962**	**3,121**	**3,714**

Orders received by geographical area, %	**Q4/20**	**Q4/19**	**2020**	**2019**
EMEA	48%	50%	50%	49%
Americas	39%	33%	32%	34%
Asia-Pacific	13%	17%	18%	17%
Total	**100%**	**100%**	**100%**	**100%**

Order book, MEUR	**31 Dec 2020**	**31 Dec 2019**
Kalmar	842	1,049
Hiab	503	406
MacGregor	480	633
Internal order book	0	0
Total	**1,824**	**2,089**

Number of employees at the end of period	**31 Dec 2020**	**31 Dec 2019**
Kalmar	5,526	5,625
Hiab	3,390	4,028
MacGregor	1,987	2,350
Corporate administration and support functions	649	584
Total	**11,552**	**12,587**

Average number of employees	**31 Dec 2020**	**2019**
Kalmar	5,594	5,723
Hiab	3,733	4,063
MacGregor	2,128	2,125
Corporate administration and support functions	611	559
Total	**12,066**	**12,470**

5. Revenue from contracts with customers

Cargotec, MEUR	Q4/20	Q4/19	2020	2019
Equipment sales	567	684	2,092	2,453
Service sales	262	285	1,005	1,062
Software sales	44	46	166	168
Total sales	**873**	**1,015**	**3,263**	**3,683**
Recognised at a point in time	715	872	2,661	3,179
Recognised over time	158	143	603	505

Kalmar, MEUR	Q4/20	Q4/19	2020	2019
Equipment sales	247	300	926	1,090
Service sales	119	124	437	464
Software sales	45	46	166	169
Total sales	**411**	**471**	**1,529**	**1,723**
Recognised at a point in time	330	385	1,212	1,405
Recognised over time	81	86	317	318

Hiab, MEUR	Q4/20	Q4/19	2020	2019
Equipment sales	212	281	776	1,007
Service sales	83	87	318	343
Total sales	**295**	**368**	**1,094**	**1,350**
Recognised at a point in time	292	365	1,082	1,339
Recognised over time	3	3	12	11

MacGregor, MEUR	Q4/20	Q4/19	2020	2019
Equipment sales	107	102	391	357
Service sales	61	74	250	255
Total sales	**168**	**176**	**642**	**611**
Recognised at a point in time	94	122	368	435
Recognised over time	74	54	273	176

6. Share-based payments

Share-based incentive programme 2020–2024

Incentive programme for the years 2020–2024 granted in April is targeted to the members of the executive board and other key persons. The programme consists of three annually granted incentive programme periods in which rewards are conditional on the fulfilment of a three-year service condition and performance conditions tied to financial targets that are separately set for each year. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. The reward is paid after each three-year incentive programme period based on the fulfilment of the vesting criteria. The expected total cost of the programme is EUR 9.8 million, and rewards have been granted to 147 persons.

Share-based bridge incentive programme 2020–2023

The share-based bridge incentive programme granted in November is targeted to key persons selected by the Board of Directors. The vesting criteria in the programme are the completion of Cargotec's and Konecranes' merger and a service condition that ends one year after completion of the merger. Rewards are granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related it. Rewards are paid after completion of the merger and are subject to a lock-up period that ends as the service condition is fulfilled. The expected total cost of the programme is EUR 5.4 million, and rewards have been granted to 66 persons.

Restricted shares incentive programmes 2020-2024

The restricted incentive programme granted in December is targeted to key persons selected by the Board of Directors. The programme consists of three annually granted engagement periods in which rewards are conditional on the fulfilment of a three-year service condition. In addition, earnings criteria based on financial targets may be set for the first year of the engagement periods. The vesting criteria in the 2019 programme are the fulfilment of a two-year service condition. The reward is granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related it. Rewards are paid after the end of the vesting period. The expected total cost of the programme is EUR 0.1 million, and rewards have been granted to 2 persons.

7. Comparable operating profit

MEUR	Q4/20	Q4/19	2020	2019
Operating profit	**17.6**	**18.0**	**70.4**	**180.0**
Restructuring costs				
Employment termination costs	15.5	8.5	37.5	22.7
Impairments of owned non-current assets	0.6	5.8	15.1	5.9
Impairments of inventories	2.1	19.8	5.3	20.1
Restructuring-related disposals of businesses*	6.3	0.4	43.7	0.4
Other restructuring costs**	15.5	19.0	29.4	31.0
Restructuring costs, total	**39.9**	**53.5**	**131.0**	**80.1**
Other items affecting comparability				
Insurance benefits	-	-	-5.0	-
Expenses related to business acquisitions or disposals	1.8	2.8	6.3	4.3
Merger plan with Konecranes Oyj	4.8	-	6.9	-
Other costs***	-	-	-6.0	-
Other items affecting comparability, total	**6.6**	**2.8**	**2.3**	**4.3**
Comparable operating profit	**64.1**	**74.3**	**203.6**	**264.4**

* Additional information regarding disposals of businesses is presented in note 15, Acquisitions and disposals. Additional information on the disposal of the joint venture ownership in Rainbow-Cargotec Industries Co., Ltd (RCI) concluded during the second quarter of 2020 is presented in note 16, Joint ventures and associated companies.

** Other restructuring costs includes contract termination costs (other than employment contracts), costs arising from outsourcing or transferring operations to new locations, maintenance costs of vacant and in the future redundant premises for Cargotec, gains and losses on sale of intangible assets and property, plant and equipment that relate to sold or discontinued operations as well as costs for the on-going group wide reorganisation of support functions.

*** Dilution of Cargotec's ownership from 7.9 percent to 5.6 percent in Jiangsu Rainbow Heavy Industries Co., Ltd (RHI) due to company's share issue and reclassification of the RHI ownership from associated company to share investment recognised at fair value.

In 2020, restructuring costs totalled EUR 131.0 (80.1) million. EUR 54.3 (7.4) million of the items were related to Kalmar, EUR 29.1 (10.9) million to Hiab, EUR 43.1 (52.1) million to MacGregor and EUR 4.4 (9.7) million to corporate administration and support functions.

Kalmar's 2020 restructuring costs include costs related to the sale of the joint venture Rainbow-Cargotec Industries Co., Ltd (RCI) and integration expenses of simultaneously acquired operations. MacGregor's restructuring costs in 2020 and 2019 relate mainly to the integration of the marine- ja offshore businesses of TTS Group ASA acquired in the end of July 2019 and winding down certain products in MacGregor's offshore product portfolio due to offshore markets fundamental transition from the traditional oil and gas centric business towards more renewable energy sources.

8. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	Q4/20	Q4/19	2020	2019
Owned assets				
Intangible assets	0.8	0.8	2.0	4.4
Land and buildings	0.1	0.6	4.2	2.5
Machinery and equipment	11.5	18.2	40.5	67.9
Right-of-use assets				
Land and buildings	6.3	2.6	26.7	12.9
Machinery and equipment	3.9	5.6	12.3	12.5
Total	**22.7**	**27.7**	**85.7**	**100.2**

Depreciation, amortisation and impairment, MEUR	Q4/20	Q4/19	2020	2019
Owned assets				
Intangible assets	9.2	15.0	39.1	38.5
Land and buildings	1.6	1.6	13.4	6.8
Machinery and equipment	11.1	12.9	43.7	43.2
Right-of-use assets				
Land and buildings	9.9	9.6	32.8	30.0
Machinery and equipment	4.0	4.6	15.0	15.3
Total	**35.8**	**43.6**	**144.0**	**133.8**

9. Taxes in statement of income

MEUR	Q4/20	Q4/19	2020	2019
Current year tax expense	6.3	8.3	28.8	45.4
Change in current year's deferred tax assets and liabilities	-5.8	0.7	-2.8	8.9
Tax expense for previous years	-2.6	-0.4	0.5	2.2
Total	**-2.1**	**8.5**	**26.4**	**56.5**

10. Net working capital

MEUR	31 Dec 2020	31 Dec 2019
Inventories	579.7	713.0
Operative derivative assets	32.2	17.9
Accounts receivable	535.0	670.9
Other operative non-interest-bearing assets	235.2	260.0
Working capital assets	**1,382.1**	**1,661.7**
Provisions	-113.1	-121.3
Advances received	-182.7	-306.3
Operative derivative liabilities	-17.7	-18.5
Accounts payable	-353.0	-438.7
Pension obligations	-115.5	-110.4
Other operative non-interest-bearing liabilities	-493.0	-508.1
Working capital liabilities	**-1,274.9**	**-1,503.4**
Net working capital in the balance sheet	**107.1**	**158.3**
Net working capital of assets held for sale and associated liabilities held for sale*	-3.7	-
Total	**103.4**	**158.3**

*Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 17. Assets held for sale.

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.

11. Interest-bearing net debt and liquidity

MEUR	31 Dec 2020	31 Dec 2019
Interest-bearing liabilities	1,183.1	1,224.3
Lease liabilities included in interest-bearing liabilities	166.2	187.8
Loans receivable and other interest-bearing assets	-22.7	-30.5
Cash and cash equivalents	-484.8	-420.2
Interest-bearing net debt in balance sheet	**675.5**	**773.6**
Interest-bearing net debt of assets and related liabilities held for sale	6.7	-
Interest-bearing net debt*	**682.2**	**-**
Equity	1,301.4	1,427.3
Gearing	**52.4%**	**54.2%**

MEUR	2020	2019
Operating profit, last 12 months	70.4	180.0
Depreciation, amortisation and impairment, last 12 months	144.0	133.8
EBITDA, last 12 months	**214.4**	**313.8**
Interest-bearing net debt / EBITDA, last 12 months*	**3.2**	**2.5**

*Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 17. Assets held for sale.

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

MEUR	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	484.8	420.2
Committed long-term undrawn revolving credit facilities	300.0	300.0
Repayments of interest-bearing liabilities in the following 12 months	-155.6	-271.0
Liquidity of asset held for sale and liabilities directly associated with asset held for sale	-1.8	-
Liquidity	**627.4**	**449.2**

12. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 31 Dec 2020	Negative fair value 31 Dec 2020	Net fair value 31 Dec 2020	Net fair value 31 Dec 2019
Non-current				
Currency forwards, cash flow hedge accounting	0.1	0.0	0.1	-
Total non-current	**0.1**	**0.0**	**0.1**	-
Current				
Currency forwards, cash flow hedge accounting	5.7	2.3	3.4	0.5
Currency forwards, other	7.6	17.1	-9.5	-3.8
Total current	**13.3**	**19.4**	**-6.1**	**-3.3**
Total derivatives	**13.3**	**19.4**	**-6.1**	**-3.3**

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 Dec 2020	31 Dec 2019
Currency forward contracts	2,447.5	2,649.5
Cash flow hedge accounting	1,219.0	1,618.7
Other	1,228.5	1,030.8
Total	**2,447.5**	**2,649.5**

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.

13. Commitments

MEUR	31 Dec 2020	31 Dec 2019
Guarantees given on behalf of associated companies and joint ventures	1.3	41.8
Guarantees given on behalf of others	0.4	0.4
Customer financing	18.1	23.3
Off-balance sheet leases	0.7	2.4
Other contingent liabilities	2.5	4.9
Total	**23.0**	**72.8**

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from ordinary course of business. The total amount of these guarantees on 31 Dec 2020 was EUR 398.8 (31 Dec 2019: 512.5) 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 1.8 (2019: 2.9) million.

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, which the opponent appealed to the Supreme Court of Texas. On 9 October 2020, Cargotec announced that on 2 October, the Supreme Court of Texas denied Cargotec’s opponent’s Petition for Review, hence the judicial process has been completed. The decision has no impact on Cargotec’s financials.

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.

14. Related party transactions

Cargotec's related parties include the parent company Cargotec Corporation and its subsidiaries, associated companies and joint ventures. Related parties include also the members of the Board of Directors, the CEO and other members of the Leadership Team, their close family members and entities controlled directly or indirectly by them. In addition, major shareholders with more than 20 percent ownership of shares or of the total voting rights in the company, are included in related parties.

Transactions with associated companies and joint ventures

MEUR	Q4/20	Q4/19	2020	2019
Sale of products and services				
Associated companies	0.0	0.1	0.6	0.1
Joint ventures*	1.7	2.5	5.8	9.3
Total	**1.7**	**2.6**	**6.5**	**9.4**
Purchase of products and services				
Associated companies	0.1	6.3	8.1	25.2
Joint ventures*	1.2	7.4	35.8	47.6
Total	**1.2**	**13.7**	**43.9**	**72.9**

*The figures for the comparison year 2019 have been adjusted.

Transactions with associated companies and joint ventures are carried out at market prices.

Balances with associated companies and joint ventures

MEUR	31 Dec 2020	31 Dec 2019
Loans receivable		
Associated companies	20.3	27.4
Total	**20.3**	**27.4**
Accounts receivable		
Associated companies	0.1	0.0
Joint ventures*	2.0	8.3
Total	**2.0**	**8.4**
Accounts payable		
Associated companies	-	0.7
Joint ventures*	1.0	6.4
Total	**1.0**	**7.0**

*The figures for the comparison year 2019 have been adjusted.

Dividends received from associated companies and joint ventures

MEUR	Q4/20	Q4/19	2020	2019
Dividends received				
Joint ventures	-	-	0.1	-
Yhteensä	**-**	**-**	**0.1**	**-**

During the second quarter of 2020 Cargotec granted a new share-based incentive programme to the members of the executive board and other key persons, which is described in detail in note 6, Share-based payments.

Acquisitions and disposals with related parties are presented in note 15, Acquisitions and disposals.

Cargotec did not have other material business transactions with its related parties than those presented above.

15. Acquisitions and disposals

Acquisitions in 2020

On 26th of May Cargotec sold its 49% joint venture ownership in the Rainbow-Cargotec Industries Co., Ltd (RCI) to the joint venture counterparty Rainbow Heavy Industries Co.,Ltd (RHI). Simultaneously, certain operations and assets were acquired from the disposed joint venture, and approximately 160 RCI employees transferred from RCI to Kalmar. Via restructuring, Cargotec aims to simplify its operations related to global supply chains. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination. The acquisition price paid on closing was EUR 3.9 million and an additional EUR 0.7 million will fall due within the next two years. The final balance sheet value of the acquired assets and deferred tax asset is EUR 1.5 million and the difference is recorded as goodwill, which is not tax deductible. Additional information about the sold ownership in RCI is disclosed in note 16, Joint ventures and associated companies.

Acquired net assets and goodwill, RCI, MEUR	
Property, plant and equipment	0.2
Inventories	0.5
Deferred tax assets	0.8
Net assets	**1.5**
Purchase price, payable in cash	4.6
Total consideration	**4.6**
Goodwill	**3.1**
Purchase price, paid in cash	4.2
Cash flow impact	**4.2**

Navis, part of Kalmar, acquired on 20 March 2020 the business assets of Biarri Rail based in Australia at a consideration of EUR 8.2 million in a transaction that is accounted for as a business combination. The purchase consideration includes a deferred payment of EUR 0.6 million that falls due in 18 months from the acquisition. The main asset acquired, Biarri Rail software, for planning and scheduling freight railroads. The acquired business supports Navis in expanding to inland terminals. The acquired business is consolidated into Kalmar segment's result from 1 April 2020. Consolidation of the acquired business and measurement of assets and liabilities is presented as final on reporting date. Intangible assets related to technologies were identified in determining the fair values, and the acquisition generated goodwill that is not tax-deductible.

Acquired net assets and goodwill, Biarri Rail, MEUR

Intangible assets	3.9
Accounts payable and other non-interest-bearing liabilities	0.2
Deferred tax liabilities	-1.2
Net assets	**2.5**
Purchase price, payable in cash	8.2
Total consideration	**8.2**
Goodwill	**5.7**
Purchase price, paid in cash	7.6
Cash flow impact	**7.6**

Kalmar acquired in October the sales and service business of MPO - Maquinás Portuárias, S.A. in Portugal for a consideration of EUR 0.4 million. The acquisition had no material impact on the reported figures.

Acquisitions in 2019

MacGregor acquired on 31 July 2019 the marine and offshore businesses of the Norwegian listed company TTS Group ASA ("TTS") at a consideration of EUR 57.9 million. The preliminary purchase price was paid to the seller on acquisition date, but the final purchase price is still being specified in accordance with the purchase price mechanism agreed in the purchase contract. At the time of reporting, there is a difference of opinion between the parties regarding the final purchase price. The companies reached an agreement on the final amount of the purchase price in January 2021. For more information on the agreement, see Note 19. Events after the balance sheet date. The acquisition strengthens MacGregor's product portfolio and market position in the main cargo and load handling markets, and related services. Additionally, significant synergy benefits are expected to be obtained from the transaction. The acquired entities are operating in more than 10 countries from which Sweden, Norway, China and Germany are the most significant ones. The acquired businesses consist of 19 fully owned subsidiaries and three 50% owned joint ventures in China. The integration of the joint ventures is subject to temporary restrictions set by the competition authorities. As a result of the acquisition, approximately 580 employees transferred to Cargotec. The result of TTS is consolidated into MacGregor segment from the beginning of August 2019 after which TTS contributed EUR 49.9 million and EUR -1.3 million to Cargotec's 2019 sales and operating profit respectively. Had TTS been acquired on 1 January 2019, it would have increased in 2019 Cargotec's sales by approximately EUR 119.8 million and decreased operating profit by approximately EUR 3.2 million. In total EUR 2.9 million of costs related to TTS acquisition have been included in the operating profit of MacGregor segment and in other operating expenses on Cargotec's statement of income in 2019. These costs are not included in MacGregor’s comparable operating profit.

Consolidation of the acquired businesses is presented as final on reporting date. In the final valuation, customer relationships, trademarks and technology were identified as the acquired intangible assets. The goodwill recognised in the acquisition is primarily based on expected synergy benefits and personnel, and is not tax-deductible.

Acquired net assets and goodwill, TTS, MEUR	
Intangible assets	44.1
Property, plant and equipment	15.5
Investments in associated companies and joint ventures	21.7
Inventories	60.3
Accounts receivable and other non-interest-bearing assets	26.8
Cash and cash equivalents	24.8
Deferred tax assets	0.3
Accounts payable and other non-interest-bearing liabilities	-106.6
Interest-bearing liabilities	-78.4
Deferred tax liabilities	-9.5
Net assets	**-1.2**
Purchase price, payable in cash	57.9
Total consideration	**57.9**
Goodwill	**59.1**
Purchase price, paid in cash	56.6
Cash and cash equivalents acquired, including bank overdrafts	44.7
Cash flow impact	**101.3**

Navis, part of Kalmar, acquired on 19 December 2019 the assets of Jade Logistics based in New Zealand at a consideration of EUR 4.3 million in a transaction that is accounted for as a business combination. The main asset acquired, Master Terminal, is a terminal operating system (TOS) that can be used in managing various types of cargo. With the acquired software Navis is better positioned to support terminals managing wide variety of cargo types beyond containers. The result of acquired business is consolidated into Kalmar segment from beginning of January 2020. Consolidation of the acquired business and fair values of the acquired assets and liabilities are presented as final on reporting date. In the final valuation, intangible assets related to technologies were identified, and the recognised goodwill is not tax deductible.

Navis acquired on 7 March 2019 the share capital of the US-based privately owned company Cetus Labs, Inc. ("Cetus") at the price of EUR 10.8 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 had no material impact on Cargotec's sales during 2019. Consolidation of the acquired business is presented as final on reporting date. In the final valuation, customer relationships, trademarks and technology were identified as the acquired intangible assets. The goodwill recognised in the acquisition is primarily based on personnel and expected synergy benefits, and is not tax-deductible.

Acquired net assets and goodwill, Jade Logistics and Cetus Labs, MEUR	
Intangible assets	9.6
Property, plant and equipment	0.4
Accounts receivable and other non-interest-bearing assets	0.0
Cash and cash equivalents	0.2
Accounts payable and other non-interest-bearing liabilities	-0.5
Interest-bearing liabilities	-0.9
Deferred tax liabilities	-2.0
Net assets	**6.9**
Purchase price, payable in cash	15.1
Total consideration	**15.1**
Goodwill	**8.2**
Purchase price, paid in cash	7.7
Cash and cash equivalents acquired, including overdrafts	-0.2
Cash flow impact	**7.5**

Hiab acquired the sales and service business of ATS Aufbau und Transportsysteme GmbH in Germany on 2 May 2019 for a consideration of EUR 0.8 million. The acquisition had no material impact on the reported figures.

16. Joint ventures and associated companies

On 26th of May 2020 Cargotec sold its 49 % joint venture ownership in the Rainbow-Cargotec Industries Co., Ltd (RCI) to the joint venture counterparty Rainbow Heavy Industries Co.,Ltd (RHI). Cargotec recognized a loss of EUR 35.6 million as a restructuring cost on disposal of the joint venture by derecognizing the joint venture ownership and recognizing a non-interest-bearing receivable of EUR 6.5 million as a consideration that is due after two years from the closing date. The gross value of the receivable is EUR 11.9 million and its carrying value on the balance sheet includes an adjustment for both interest and expected credit loss. Certain functions and assets were acquired from the company sold in connection with the transaction, and approximately 160 RCI employees were transferred to Kalmar. Additional information about the acquired assets is presented in note 15, Acquisitions and disposals. Via restructuring, Cargotec aims to simplify its operations related to global supply chains.

In connection with the RCI restructuring, Cargotec also reassessed the classification of its ownership in Jiangsu Rainbow Heavy Industries Co., Ltd. (RHI) and concluded that the preconditions for the associated company classification were no longer met. As a result, the RHI ownership was reclassified as a share investment accounted for as a financial asset. On reclassification, the associated company ownership on the balance sheet was derecognised and the new financial asset was recognised at fair value resulting in a profit of EUR 6.7 million which was booked in the income statement as other operating income affecting comparability. Due to the value of the RHI ownership and market volatility of the RHI share, Cargotec has elected to apply the possibility to recognise the subsequent fair value changes related to RHI ownership directly in other comprehensive income.

In April 2020, Hiab performed an impairment assessment for its holding in the Sinotruk Hiab (Shandong) Equipment Co., Ltd. joint venture. Due to the company's business outlook and financial situation, the joint venture ownership was fully written down, resulting in a loss of EUR 4.0 million. Cargotec has issued guarantees on behalf of Sinotruk in the amount of EUR 3.8 (December 31, 2019: 3.8) million, of which EUR 2.5 million has been recognized as a liability at the time of reporting. Hiab is evaluating options for discontinuing the joint venture.

17. Assets held for sale

In February, Cargotec announced its decision to launch a process to evaluate strategic options for Kalmar's Navis business. Navis software solutions for terminal operators, carriers, and ship owners are used to optimize global container flows, and the main product of Navis, the N4 terminal operating system is used by 340 customers in more than 80 countries. The strategic evaluation process was interrupted by the coronavirus pandemic, but resumed in October. On 3 December the company announced that, based on the number of preliminary indicative bids and price levels received as part of the evaluation process, Navis sales were considered a better option than the other solutions presented. Cargotec's Board of Directors thus decided to start the actual sales process of the Navis software business. The preliminary indicative offers received are not binding and the possible sale of the Navis business as well as the terms of the transaction will only become clear once the sale procedure is completed. Cargotec's goal is to complete the sales process in the first half of 2021.

As a result, Cargotec has classified Navis as a disposal group held for sale, according to which the balance sheet items related to Navis are presented in the consolidated balance sheet as a disposal group on a separate line but in the statement of income, Navis is not separated. The table below provides additional information on the assets held for sale and related liabilities. The reclassification had no effect on the reported values of balance sheet items.

Assets held for sale and liabilities directly associated with assets held for sale

ASSETS, MEUR	Note	31 Dec 2020	31 Dec 2019
Non-current assets			
Goodwill**		73.6	-
Other intangible assets		65.2	-
Property, plant and equipment		7.6	-
Loans receivable and other interest-bearing assets*	11	0.4	-
Deferred tax assets		2.1	-
Other non-interest-bearing assets		0.7	-
Total non-current assets		**149.7**	**-**
Current assets			
Loans receivable and other interest-bearing assets*	11	0.2	-
Income tax receivables		0.7	-
Accounts receivable and other non-interest-bearing assets		34.7	-
Cash and cash equivalents	11	0.4	-
Total current assets		**36.0**	**-**
Assets held for sale		**185.7**	**-**

*Included in interest-bearing net debt.
**The amount of goodwill allocated as held for sale is based on an estimate on reporting date.

LIABILITIES, MEUR		31 Dec 2020	31 Dec 2019
Non-current liabilities			
Interest-bearing liabilities*	11	5.5	-
Deferred tax liabilities		18.9	-
Pension obligations		1.2	-
Other non-interest-bearing liabilities		3.5	-
Total non-current liabilities		**29.1**	**-**
Current liabilities			
Current portion of interest-bearing liabilities*	11	2.2	-
Advances received		23.8	-
Accounts payable and other non-interest-bearing liabilities		15.4	-
Current liabilities		**41.1**	
Liabilities directly associated with assets held for sale		**70.5**	**-**

*Included in interest-bearing net debt.

18. Merger plan to combine Cargotec and Konecranes

On October 1, 2020, the Boards of Directors of Cargotec and Konecranes signed a merger agreement and a merger plan to merge the companies, and the Extraordinary General Meetings of both companies held on December 18, 2020, approved the merger of Cargotec and Konecranes. The implementation of the merger still requires, among other things, obtaining the necessary approvals from the competition authorities. The planned implementation date of the merger is January 1, 2022. The planned implementation date may change, and the actual date may be earlier or later than the above. Until the completion of the merger, both companies will continue their business as before as separate and independent companies.

The proposed merger will create a global leader in sustainable material flows with a number of valuable customer-centric brands and complementary offerings in industry, factories, ports, terminals, road transport and sea freight handling.

Upon completion, the combination will be carried out as an absorption-type merger in which Konecranes shareholders receive as a merger consideration 2.0834 new Cargotec class B shares and 0.3611 new Cargotec class A shares for each Konecranes share held upon completion of the merger and after the share split described below. To enable the consideration of the merger, Cargotec will carry out a free share issue (share splitting) in which each Cargotec shareholder will be issued free of charge new Cargotec shares in proportion to their holdings. For each existing Cargotec A class share, two new Cargotec class A shares will be issued and for each Cargotec class B share, two new Cargotec class B shares will be issued. As a result of the transaction, the shareholders of Cargotec and Konecranes will each own about half of the new company.

In accordance with IFRS, the merger will be accounted for as a business combination in which Cargotec is the acquirer into which Konecranes will merge. The assets and liabilities of Konecranes on the merger date will be measured at fair value in the purchase price allocation and consolidated into Cargotec from then on.

The value of the acquisition depends on the market price of Cargotec's class A and B shares at the time of the merger. At the reporting date, 31 December 2020, the value of the shares to be paid to Konecranes shareholders in the merger based on the market price of Cargotec's class B share and the outstanding shares of Konecranes amounted to approximately EUR 2,180.8 million.

19. Events after the reporting period

Cargotec announced on 12 January 2021 about concluding a settlement with Nekkar ASA on TTS marine and offshore businesses' purchase price. After completing the acquisition of the marine and offshore businesses of TTS Group ASA (now Nekkar ASA) on 31 July 2019, and challenging the calculation of the purchase price, MacGregor has concluded a settlement agreement with Nekkar. The settlement agreement provides for a total payment of NOK 94 million (EUR 9.1 million) to be made by Nekkar to MacGregor in full and final settlement of the disputed purchase price. The payment is net of NOK 8 million (EUR 0.8 million) previously withheld by MacGregor related to the fulfillment of Nekkar tax obligations in China following completion of the acquisition. The settlement amount will have an approximately EUR 7 million positive impact on MacGregor’s first quarter 2021 operating profit.

Key exchange rates for euro

Closing rates	**31 Dec 2020**	**31 Dec 2019**
SEK	10.034	10.447
USD	1.227	1.123

Average rates	**2020**	**2019**
SEK	10.479	10.557
USD	1.145	1.121

Key figures

		2020	**2019**
Equity / share	EUR	20.14	22.12
Equity to asset ratio	%	35.3%	36.4%
Interest-bearing net debt	MEUR	682.2	773.6
Interest-bearing net debt / EBITDA, last 12 months		3.2	2.5
Gearing	%	52.4%	54.2%
Return on equity (ROE), last 12 months	%	0.6%	6.3%
Return on capital employed (ROCE), last 12 months	%	2.8%	7.3%

Additional information regarding interest-bearing net debt and gearing is disclosed in note 11, Interest-bearing net debt and liquidity.

In the calculation of the balance sheet related key figures the assets held for sale and liabilities related to assets held for sale are included in the applicable account groups, even though in the balance sheet they are presented on one row.

Calculation of key figures

IFRS key figures

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

Alternative performance measures

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 key figures, Cargotec uses the following alternative performance measures:

Key figure		**Definition**	**Reason for use**	**Reconciliation**
Operating profit (MEUR and % of sales)	=	Sales - cost of goods sold + other operating income - selling and marketing expenses - research and development expenses - administration expenses - restructuring costs - other operating expenses + share of associated companies' and joint ventures' net income	Operating profit is used to measure business profitability. It describes the profitability of the business before taking into account financial items and taxes.	Statement of income
Comparable operating profit (MEUR and % of sales)	=	Operating profit excluding items significantly affecting comparability	Comparable operating profit is used to monitor and forecast profit development and set related targets. It is calculated by excluding items significantly affecting comparability from operating profit, which makes it easier to compare the profitability of the business at different time periods.	Note 7, Comparable operating profit

Items significantly affecting comparability (MEUR)		Items significantly affecting comparability include, in addition to restructuring costs, mainly capital gains and losses, gains and losses related to acquisitions and disposals, impairments and reversals of impairments of assets, insurance benefits, and expenses related to legal proceedings.	Factor used to calculate Comparable operating profit.	Note 7, Comparable operating profit
Cash flow from operations before financing items and taxes	=	Net income for the financial year + depreciation, amortisation and impairment + financing items + taxes + other adjustments + changes in net working capital	Represents cash flow from operations after income from sales less operating expenses. Measures the company's ability to meet its financial commitments, including interest payments, taxes, investments, and equity and debt payments. Used to monitor and forecast business performance.	Statement of cash flows
Interest-bearing net debt/EBITDA, last 12 months	=	Interest-bearing net debt / EBITDA, last 12 months	Used to measure corporate capital structure and financial capacity.	Note 11, Interest-bearing net debt and liquidity
Interest-bearing net debt (MEUR)	=	Interest-bearing liabilities (non-current interest-bearing liabilities + current portion of interest-bearing liabilities + current other interest-bearing liabilities) - interest-bearing receivables (non-current and current loans receivable and other interest-bearing assets) - cash and cash equivalents +/- foreign currency hedge of corporate bonds	Interest-bearing net debt represents Cargotec's indebtedness. Used to monitor capital structure and as a factor to calculate Interest-bearing net debt / EBITDA and Gearing.	Note 11, Interest-bearing net debt and liquidity
EBITDA (MEUR), last 12 months	=	Operating profit + depreciation, amortisation and impairment, last 12 months	Factor used to calculate Interest-bearing net debt / EBITDA.	Note 11, Interest-bearing net debt and liquidity

Net working capital (MEUR)	=	Inventories + operative derivative assets + accounts receivable + other operative non-interest-bearing assets - provisions - advances received - operative derivative liabilities - accounts payable - pension obligations - other operative non-interest-bearing liabilities	Net working capital is used to follow the amount of capital needed for the business to operate. It does not include financing items, taxes nor non-current assets. Used also as a factor to calculate Operative capital employed.	Note 10, Net working capital
Investments	=	Additions to intangible assets and property, plant and equipment including owned assets and right-of-use assets, excluding assets acquired through business combinations	Investments refer to money used to acquire long-term assets. Used as a factor in cash flow calculation.	Note 8, Capital expenditure, depreciation and amortisation
Return on equity (ROE) (%), last 12 months	= 100 x	Net income for the financial year, last 12 months / Total equity (average for the last 12 months)	Represents the rate of return that shareholders receive on their investments.	Net income for financial year: Income statement; Total equity: Balance sheet
Return on capital employed (ROCE) (%), last 12 months	= 100 x	Income before taxes + financing expenses, last 12 months / Total assets - non-interest-bearing debt (average for the last 12 months)	Represents relative profitability or the rate of return that has been received on capital employed requiring interest or other return.	Income before taxes and financing expenses: Income statement; Total assets and non-interest-bearing debt: Balance sheet
Non-interest-bearing debt	=	Total assets - total equity - non-current interest-bearing liabilities - current portion of interest-bearing liabilities - current other interest-bearing liabilities	Used as a factor to calculate Return on capital employed (ROCE).	Balance sheet
Equity to asset ratio	= 100 x	Total equity / Total assets - advances received	Used to measure solvency and describe the share of the company's assets financed by equity.	Balance sheet

Gearing (%)	= 100 x $\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$	Represents the company's indebtedness by measuring the amount of interest-bearing debt in proportion to equity capital. Some of Cargotec's loan agreements include a covenant restricting the corporate capital structure, measured by gearing.	Note 11, Interest-bearing net debt and liquidity

In the calculation of the balance sheet related key figures the assets held for sale and liabilities related to assets held for sale are included in the applicable account groups, even though in the balance sheet they are presented on one row.

Quarterly key figures

Cargotec		**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**	**Q4/19**
Orders received	MEUR	963	740	637	781	962
Service orders received	MEUR	265	229	224	270	277
Order book	MEUR	1,824	1,751	1,822	1,938	2,089
Sales	MEUR	873	777	756	858	1,015
Service sales	MEUR	262	244	239	260	285
Software sales	MEUR	44	38	43	40	46
Service and software sales, % of sales	%	35%	36%	37%	35%	33%
Operating profit	MEUR	17.6	45.8	-19.5	26.5	18.0
Operating profit	%	2.0%	5.9%	-2.6%	3.1%	1.8%
Comparable operating profit	MEUR	64.1	56.6	43.4	39.5	74.3
Comparable operating profit	%	7.3%	7.3%	5.7%	4.6%	7.3%
Earnings per share	EUR	0.10	0.41	-0.56	0.18	-0.00

Kalmar		**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**	**Q4/19**
Orders received	MEUR	445	328	293	334	446
Order book	MEUR	842	834	885	952	1,049
Sales	MEUR	411	364	350	404	471
Service sales	MEUR	119	106	106	107	124
Software sales	MEUR	45	38	43	40	46
Comparable operating profit	MEUR	28.2	32.3	30.3	25.6	44.1
Comparable operating profit	%	6.9%	8.9%	8.6%	6.3%	9.4%

Hiab		**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**	**Q4/19**
Orders received	MEUR	417	274	223	296	322
Order book	MEUR	503	386	373	396	406
Sales	MEUR	295	254	243	302	368
Service sales	MEUR	83	80	72	84	87
Comparable operating profit	MEUR	41.1	30.9	24.3	30.1	51.8
Comparable operating profit	%	13.9%	12.2%	10.0%	10.0%	14.1%

MacGregor		**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**	**Q4/19**
Orders received	MEUR	100	139	120	151	193
Order book	MEUR	480	532	565	591	633
Sales	MEUR	168	158	163	153	176
Service sales	MEUR	61	58	61	70	74
Comparable operating profit	MEUR	3.0	1.6	-3.6	-5.3	-12.5
Comparable operating profit	%	1.8%	1.0%	-2.2%	-3.5%	-7.1%