

Cavotec SA - Q118 Report

January — March 2018

- | Order intake for the quarter increased 9.6% to EUR 67.9 million (62.0).
- | Order book increased 17.7% compared to 2017 year end ending at EUR 100.8 million.
- | Revenues for the quarter were EUR 52.7 million (53.2).
- | EBIT saw a decrease versus last year to EUR 2.2 million (3.5), corresponding to a margin of 4.2% (6.6%).
- | Net result for the period was EUR 0.8 million (1.9). Earnings per share basic and diluted decreased to EUR 0.011 (0.025).
- | Operating cash flow amounted to EUR 4.9 million (-0.2).
- | Net debt increased to EUR 21.8 million (20.4 as of 31 December 2017).

Comment from the CEO

Good momentum in order intake — transformation continues

2018 is a transformation year for Cavotec where we seek to build on our strengths and address our weaknesses in order to return to a strong growth trajectory. As we focus on the transformation it is encouraging to see that we maintain a strong position in the market.

In the first quarter, we saw the order intake increase 9.6% year-on-year to EUR 67.9 million and the order book increase 17.7% compared to the fourth quarter 2017. This means that we now have an order book worth just over EUR 100 million after two previous soft quarters.

During the first quarter, we signed two landmark orders; a EUR 8 million order for the Bahrain International Airport modernization and a EUR 9 million order for automated mooring of electric ferries in Norway.

Both orders are signs of our technology strengths in a world with increasing transportation and travel, where Cavotec provides solutions for a safer, cleaner and more efficient world.

Revenues for the group as a whole during the first quarter were flat compared to the first quarter 2017, even as the high pace of transformation continued. The order intake during the first quarter of 2018, on the other hand, increased more than 50% compared to the same period in 2017, as a result of increasing business activity in the container terminal business together with high interest for automated mooring as well as an uptick in Industry.

EBIT decreased compared to the same period in 2017 and the EBIT-margin amounted to 4.2% as a result of the low revenues in Ports & Maritime. It is, however, encouraging that the operating cash flow was extremely strong as an outcome of the continued actions to decrease working capital.

Transformation plan

Any successful turnaround and growth plan must start with a deep understanding of the market potential. To that end, we have during the quarter finalized a very thorough assessment of our markets. We now have a comprehensive understanding of market sizes and future potential by core offering and by customer segments and geographies. In one sentence, our assessment shows that the opportunities are there. Looking, for example, at the market for infrastructure in ports and maritime, we can conclude that it is expected to grow from EUR 70 to 90 billion in the next five years. Also, in the airport infrastructure market we see a similar picture of robust annual growth of 4%. Even more promising is the picture in our mining end market where we see it coming back after the recent decline and growing 10% per year in the next five years.

To capitalize on these opportunities and to further drive the transformation we have strengthened our executive team with the recruitments of a new Chief Human Resources Officer, a President of Cavotec Services, a Chief Operations Officer, and a Group Vice President for Project and Program Management.

Operating a global engineering group across more than 30 countries requires a strong common and shared direction and identity. One of my key transformation goals for the first year was therefore to establish a "One Cavotec culture" and identity. We have taken decisive steps in that direction including being clear about our core values: Integrity, Accountability, Performance, and Teamwork.

The transformation continues and deepens during the remaining of the year, leading to a better insight into our commercial and operational potential. As a result, we expect to start sharing financial objectives with the market starting with Q1 report 2019.

ENDS

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About Cavotec

Cavotec is a leading engineering group that designs and manufactures automated connection and electrification systems for ports, airports and industrial applications worldwide. Cavotec innovative technologies ensure safe, efficient and sustainable operations. To find out more about Cavotec, visit our website at cavotec.com.

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Attachment

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