

# 1st Quarter Report **2016**



- Revenues for the quarter increased 11.6%, amounting to EUR 46.1 million (1Q15: 41.3).
- Quarterly operating result (EBIT) ended with a loss of EUR 2.5 million (1Q15: 3.6), including non recurring cost of EUR 0.2 million, corresponding to a margin of -5.3%.
- Net result for the period ended at EUR -3.9 million (1Q15: 1.7 - including a positive impact from currency exchange differences of EUR 6.4 million).
- Order Intake decreased by 16.0% in the quarter to EUR 56.6 million (1Q15: 67.3).
- Order book increased 10.6% to EUR 108.9 million (FY15: 98.4).
- Book to bill ratio at 1.23x compared to 1.63x in 1Q15.

## CEO's comment



Similar to last year our first quarter was weak, albeit in line with our own expectations, with 1Q16 revenues amounting to EUR 46.1 million, an 11.6% increase on the same period last year. This improvement was mainly due to increased day-to-day business order intake, and stronger overall activity in a number of our key markets. Currency exchange differences had a negative impact on the quarterly revenues while organic growth was positive at 13.2%. Gross margin remained stable for the quarter. Order intake for the period decreased by 16% year-over-year, amounting to EUR 56.6 million and our order book has grown 10.6% to EUR 108.9 million from year-end.

We registered strong day-to-day business during the quarter, and achieved several R&D milestones. One major development was the completion of a series of At Sea Demonstrations (ASD) of the innovative US Navy Advanced Mooring System (AMS) for novel ship-to-ship mooring applications, which incorporates Cavotec's MoorMaster™ automated mooring technology.

Following successful Factory Acceptance Testing (FAT) at Cavotec USA in North Carolina, and System Integration Testing (SIT) at project partner Oceaneering's facility in Maryland, the ASD were conducted at US Naval Base Coronado in California.

The system is now clear for the next phase of its development. This exciting new evolution of MoorMaster™ promises a fundamental improvement in offshore mooring operations, and one that has considerable potential for use in a wide range of commercial applications. In further positive news for MoorMaster™, the estimated total number of moorings completed by MoorMaster™ units worldwide crossed 170,000.

### LOOKING AHEAD

The first months of 2016 have developed in line with our expectations in terms of sales, turnover and overall performance. With the current general uncertainty and cautiousness in the global economy set to continue, I do not currently foresee any significant changes to the outlook we published in our 4Q15 report, in which we identified a period of softer order intake and a slowdown in larger projects.

We have refocused our sales efforts on core markets, innovations and offerings. Innovations and offerings we have refocused on include Alternative Maritime Power shore connection, Automatic Plug-in System for ships and cranes, MoorMaster™ automated mooring, and further improvements to our system integration capacity for Airports. Achievements in these areas are forming an important pillar of our strategy for future growth.

“During the quarter we registered strong day-to-day business, and achieved several R&D milestones.”

“On the sales side of the business, we have refocused our efforts on core markets, innovations and offerings.”

As indicated in recent statements, our Ports & Maritime and Airports markets are the two areas that are expected to deliver the greatest amount of growth in the years ahead, strengthened in part by far-reaching environmental legislation and the on-going drive to increase efficiency. Both trends are likely to generate demand for our technologies that reduce environmental impact and improve operational efficiency.

In parallel, we continue our program to actively streamline our operations in a variety of ways. Given the positive results to reduce costs to date, I expect to build on these successes, and envisage further improvements going forward.

The effects of several of these measures will not be immediate. I am, however, confident that our organisation as a whole will emerge stronger, more focused, and more profitable thanks to the actions we are currently taking, and will continue to take in the coming months.

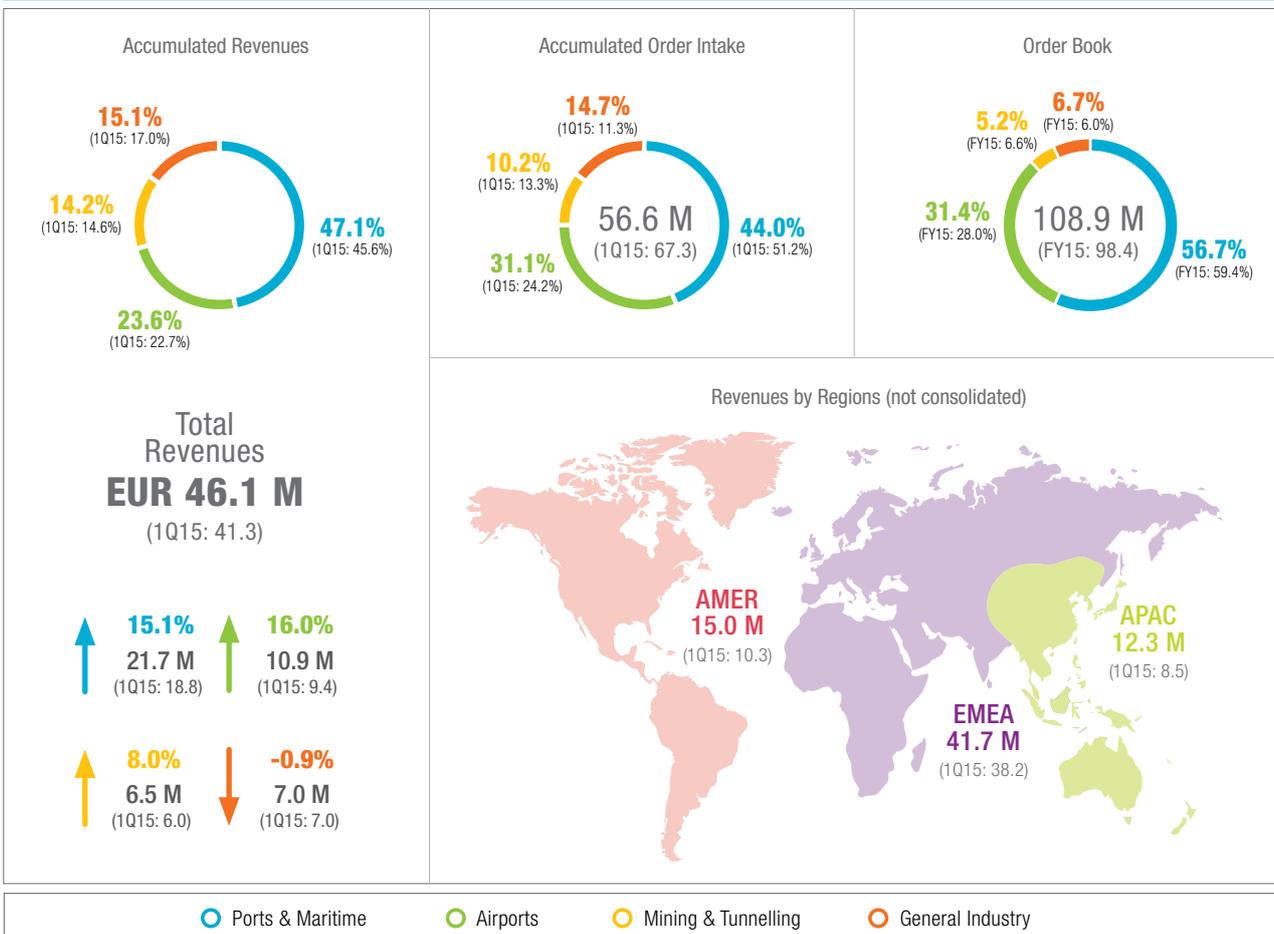
Lugano, 10 May 2016



**Ottonel Popesco**  
Chief Executive Officer

**YTD - Financial Snapshot**

EUR Million



# Financial Review

## REVENUES, EARNINGS AND PROFITABILITY

### Quarterly results

Revenues amounted to EUR 46,084 thousands, an increase of 11.6% year-over-year, organic revenue growth amounted to 13.2%. Operating result amounted to a loss of EUR 2,453 thousands, (including non recurring cost of EUR 240 thousands), compared to a loss of EUR 3,630 thousands in 1Q15.

Net financial items amounted to negative EUR 1,303 thousands, compared to positive EUR 6,115 thousands in 1Q15. We have a charge for income taxes of EUR 156 thousands relating to profits made in certain jurisdictions, which for tax purposes may not be offset by the losses made in other jurisdictions and where we have not recorded deferred tax assets on losses. Net result ended with a loss of EUR 3,912 thousands compared to a profit of EUR 1,743 thousands in 1Q15.

### CASH FLOW

1Q16 operating cash flow ended negative at EUR 2,836 thousands, mainly due to losses in the period, compared to negative EUR 10,616 thousands in 1Q15. Financial activities was positive at EUR 2,430 thousands compared to positive EUR 3,459 thousands in 1Q15, due to increase of credit lines. Investing activities amounted to EUR 787 thousands compared to EUR 952 thousands in 1Q15.

### NET DEBT

Net debt amounted to EUR 31,570 thousands, a quarter-over-quarter increase of EUR 4,913 thousands due to change in working capital, paid taxes and investments. Leverage ratio increased to 1.88x (FY15: 1.65x).

### EMPLOYEES

In 1Q16 Cavotec decreased its number of employees with 3 persons, ending at 1,060 full time equivalent employees at 31 March 2016. For the same period last year there were 1,011 full time equivalent employees and 1,063 on 31 December 2015.

## REVENUES AND ORDER INTAKE

EUR 000's	Revenues	
	1Q16	1Q15
Revenue from sales of goods and services	46,084	41,311
Increase/decrease	4,773	412
Percentage change	11.6%	1.0%
Of which		
- Volumes and prices	13.2%	-8.3%
- Currency effects	-1.6%	9.3%
EUR 000's	Order Intake	
	1Q16	1Q15
Order Intake	56,557	67,306
Increase/decrease	(10,749)	(258)
Percentage change	-16.0%	-0.4%
Of which		
- Volumes and prices	-2.4%	-9.4%
- Currency effects	-13.6%	9.0%

#### OPERATING SEGMENTS

EUR 000's	Revenues			Percentage		
	1Q16	1Q15	Change %	1Q16	1Q15	Change %
AMER	14,983	10,299	45.5%	32.5%	24.9%	7.6%
EMEA	41,720	38,228	9.1%	90.5%	92.5%	-2.0%
APAC	12,298	8,530	44.2%	26.7%	20.6%	6.0%
Inter-Group elimination	(22,917)	(15,746)				
<b>Total</b>	<b>46,084</b>	<b>41,311</b>	<b>11.6%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

EUR 000's	Order Intake			Percentage		
	1Q16	1Q15	Change %	1Q16	1Q15	Change %
AMER	13,284	8,604	54.4%	23.5%	12.8%	10.7%
EMEA	48,112	57,806	-16.8%	85.1%	85.9%	-0.8%
APAC	22,883	24,457	-6.4%	40.5%	36.3%	4.1%
Inter-Group elimination	(27,722)	(23,561)				
<b>Total</b>	<b>56,557</b>	<b>67,306</b>	<b>-16.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

EUR 000's	Order Book			Book/Bill ratio	
	1Q16	FY15	Change %	1Q16	1Q15
AMER	30,376	32,075	-5.3%	0.89	0.84
EMEA	85,611	79,215	8.1%	1.15	1.51
APAC	42,103	31,521	33.6%	1.86	2.87
Inter-Group elimination	(49,174)	(44,368)			
<b>Total</b>	<b>108,916</b>	<b>98,443</b>	<b>10.6%</b>	<b>1.23</b>	<b>1.63</b>

#### MARKET UNITS

EUR 000's	Revenues			Percentage		
	1Q16	1Q15	Change %	1Q16	1Q15	Change %
Ports & Maritime	21,694	18,848	15.1%	47.1%	45.6%	1.4%
Airports	10,894	9,388	16.0%	23.6%	22.7%	0.9%
Mining & Tunnelling	6,530	6,047	8.0%	14.2%	14.6%	-0.5%
General Industry	6,966	7,028	-0.9%	15.1%	17.0%	-1.9%
<b>Total</b>	<b>46,084</b>	<b>41,311</b>	<b>11.6%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

EUR 000's	Order Intake			Percentage		
	1Q16	1Q15	Change %	1Q16	1Q15	Change %
Ports & Maritime	24,910	34,478	-27.7%	44.0%	51.2%	-7.2%
Airports	17,579	16,297	7.9%	31.1%	24.2%	6.9%
Mining & Tunnelling	5,785	8,956	-35.4%	10.2%	13.3%	-3.1%
General Industry	8,283	7,575	9.3%	14.7%	11.3%	3.5%
<b>Total</b>	<b>56,557</b>	<b>67,306</b>	<b>-16.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

EUR 000's	Order Book			Book/Bill ratio	
	1Q16	FY15	Change %	1Q16	1Q15
Ports & Maritime	61,737	58,520	5.5%	1.15	1.83
Airports	34,221	27,536	24.3%	1.61	1.74
Mining & Tunnelling	5,712	6,457	-11.5%	0.89	1.48
General Industry	7,246	5,930	22.2%	1.19	1.08
<b>Total</b>	<b>108,916</b>	<b>98,443</b>	<b>10.6%</b>	<b>1.23</b>	<b>1.63</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR 000's	Unaudited three months 31 Mar, 2016	Unaudited three months 31 Mar, 2015	Audited year 31 Dec, 2015
Revenue from sales of goods and services	46,084	41,311	232,223
Other income	1,185	1,098	5,982
Cost of materials	(22,043)	(19,456)	(113,580)
Employee benefit costs	(16,970)	(16,583)	(68,132)
Operating expenses	(9,623)	(8,869)	(44,130)
<b>Gross Operating Result</b>	<b>(1,367)</b>	<b>(2,499)</b>	<b>12,363</b>
Depreciation and amortisation	(1,086)	(1,131)	(4,768)
<b>Operating Result</b>	<b>(2,453)</b>	<b>(3,630)</b>	<b>7,595</b>
Interest income	3	4	52
Interest expenses	(442)	(253)	(1,312)
Currency exchange differences - net	(864)	6,364	6,484
<b>Profit/(loss) before income tax</b>	<b>(3,756)</b>	<b>2,485</b>	<b>12,819</b>
Income taxes	(156)	(742)	(6,695)
<b>Profit/(loss) for the period</b>	<b>(3,912)</b>	<b>1,743</b>	<b>6,124</b>
<b>Other comprehensive income:</b>			
Remeasurements of post employment benefit obligations	7	(43)	(113)
<b>Items that will not be reclassified to profit or loss</b>	<b>7</b>	<b>(43)</b>	<b>(113)</b>
Currency translation differences	(2,695)	4,176	(973)
<b>Items that may be subsequently reclassified to profit</b>	<b>(2,695)</b>	<b>4,176</b>	<b>(973)</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>(2,688)</b>	<b>4,133</b>	<b>(1,086)</b>
<b>Total comprehensive income for the period</b>	<b>(6,600)</b>	<b>5,876</b>	<b>5,038</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Group	(6,599)	5,873	5,035
Non-controlling interest	(1)	3	3
<b>Total</b>	<b>(6,600)</b>	<b>5,876</b>	<b>5,038</b>
<b>Profit (loss) attributed to:</b>			
Equity holders of the Group	(3,912)	1,743	6,124
<b>Total</b>	<b>(3,912)</b>	<b>1,743</b>	<b>6,124</b>
Basic and diluted earnings per share attributed to the equity holders of the Group	(0.050)	0.022	0.078
Average number of shares	78,523,978	78,471,480	78,475,939

**CONSOLIDATED BALANCE SHEET**

EUR 000's	Unaudited 31 Mar, 2016	Unaudited 31 Mar, 2015	Audited 31 Dec, 2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17,562	14,623	20,812
Trade receivables	51,485	57,119	62,431
Tax assets	1,242	466	1,035
Other current receivables	8,175	6,464	7,339
Inventories	47,928	51,558	45,065
<b>Total current assets</b>	<b>126,392</b>	<b>130,230</b>	<b>136,682</b>
<b>Non-current assets</b>			
Property, plant and equipment	26,234	27,244	26,736
Intangible assets	69,848	72,936	71,534
Non-current financial assets	287	293	289
Deferred tax assets	18,794	19,033	19,005
Other non-current receivables	5,601	601	5,731
<b>Total non-current assets</b>	<b>120,764</b>	<b>120,107</b>	<b>123,295</b>
Assets held for sale	-	1,800	-
<b>Total assets</b>	<b>247,156</b>	<b>252,137</b>	<b>259,977</b>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Bank overdrafts	-	(146)	(202)
Current financial liabilities	(2,662)	(2,722)	(2,661)
Trade payables	(33,490)	(34,987)	(38,048)
Tax liabilities	(2,910)	(1,061)	(4,012)
Provision for risk and charges, current	(5,364)	(5,770)	(5,484)
Other current liabilities	(13,387)	(12,968)	(15,150)
<b>Total current liabilities</b>	<b>(57,813)</b>	<b>(57,654)</b>	<b>(65,556)</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	(45,289)	(38,790)	(43,345)
Deferred tax liabilities	(6,023)	(6,411)	(6,359)
Other non-current liabilities	(249)	(358)	(215)
Provision for risk and charges, non-current	(4,512)	(5,146)	(4,632)
<b>Total non-current liabilities</b>	<b>(56,073)</b>	<b>(50,705)</b>	<b>(54,551)</b>
<b>Total liabilities</b>	<b>(113,886)</b>	<b>(108,359)</b>	<b>(120,107)</b>
<b>Equity</b>			
Equity attributable to owners of the parent	(133,241)	(143,748)	(139,840)
Non-controlling interests	(29)	(31)	(30)
<b>Total equity</b>	<b>(133,270)</b>	<b>(143,778)</b>	<b>(139,870)</b>
<b>Total equity and liabilities</b>	<b>(247,156)</b>	<b>(252,137)</b>	<b>(259,977)</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR 000's	Equity related to owners of the parent	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total equity
<b>Audited</b>						
Balance as at 1 January 2015	(91,990)	(12,096)	(33,790)	(137,876)	(27)	(137,903)
(Profit) / Loss for the period	-	-	(1,743)	(1,743)	-	(1,743)
Currency translation differences	-	(4,172)	-	(4,172)	(3)	(4,176)
Remeasurements of post employment benefit obligations	-	43	-	43	-	43
<b>Total comprehensive income and expenses</b>	<b>-</b>	<b>(4,129)</b>	<b>(1,743)</b>	<b>(5,873)</b>	<b>(3)</b>	<b>(5,876)</b>
<b>Balance as at 31 March 2015</b>	<b>(91,990)</b>	<b>(16,225)</b>	<b>(35,533)</b>	<b>(143,748)</b>	<b>(30)</b>	<b>(143,778)</b>
<b>Audited</b>						
Balance as at 1 January 2015	(91,990)	(12,096)	(33,790)	(137,876)	(27)	(137,903)
(Profit) / Loss for the period	-	-	(6,124)	(6,124)	-	(6,124)
Currency translation differences	-	976	-	976	(3)	973
Remeasurements of post employment benefit obligations	-	113	-	113	-	113
<b>Total comprehensive income and expenses</b>	<b>-</b>	<b>1,089</b>	<b>(6,124)</b>	<b>(5,035)</b>	<b>(3)</b>	<b>(5,038)</b>
Capital reduction	3,218	(62)	-	3,156	-	3,156
Transactions related to own shares	-	-	(84)	(84)	-	(84)
<b>Transactions with shareholders</b>	<b>3,218</b>	<b>(62)</b>	<b>(84)</b>	<b>3,072</b>	<b>-</b>	<b>3,072</b>
<b>Balance as at 31 December 2015</b>	<b>(88,772)</b>	<b>(11,069)</b>	<b>(39,998)</b>	<b>(139,840)</b>	<b>(30)</b>	<b>(139,870)</b>
<b>Unaudited</b>						
Balance as at 1 January 2016	(88,772)	(11,069)	(39,998)	(139,840)	(30)	(139,870)
(Profit) / Loss for the period	-	-	3,912	3,912	-	3,912
Currency translation differences	-	2,694	-	2,694	1	2,695
Remeasurements of post employment benefit obligations	-	(7)	-	(7)	-	(7)
<b>Total comprehensive income and expenses</b>	<b>-</b>	<b>2,687</b>	<b>3,912</b>	<b>6,599</b>	<b>1</b>	<b>6,600</b>
<b>Balance as at 31 March 2016</b>	<b>(88,772)</b>	<b>(8,382)</b>	<b>(36,086)</b>	<b>(133,241)</b>	<b>(29)</b>	<b>(133,270)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD**

EUR 000's	Unaudited three months 31 Mar, 2016	Unaudited year 31 Mar, 2015	Audited year 31 Dec, 2015
<b>Profit /(loss) for the period</b>	<b>(3,912)</b>	<b>1,743</b>	<b>6,124</b>
<b>Adjustments for:</b>			
Net interest expenses	358	252	1,096
Current taxes	642	824	6,990
Depreciation and amortisation	1,086	1,131	4,768
Deferred tax	(486)	(82)	(295)
Provision for risks and charges	(113)	1,380	2,887
Capital gain or loss on assets	(65)	(31)	(45)
Other items not involving cash flows	310	(6,336)	(5,688)
Interest paid	(360)	(258)	(1,114)
Taxes paid	(1,950)	(2,303)	(6,088)
	<b>(578)</b>	<b>(5,423)</b>	<b>2,511</b>
<b>Cash flow before changes in working capital</b>	<b>(4,490)</b>	<b>(3,680)</b>	<b>8,635</b>
<b>Impact of changes in working capital:</b>			
Inventories	(3,071)	(11,293)	(5,393)
Trade receivables	10,963	3,502	(3,774)
Other current receivables	(186)	258	(621)
Trade payables	(4,570)	2,160	5,138
Other current liabilities	(1,645)	(1,568)	978
Long term receivables and liabilities	163	5	(5,231)
<b>Impact of changes involving working capital</b>	<b>1,654</b>	<b>(6,936)</b>	<b>(8,903)</b>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(2,836)</b>	<b>(10,616)</b>	<b>(268)</b>
<b>Financial activities:</b>			
Proceeds of loans and borrowings	2,539	3,585	10,097
(Repayments) of loans and borrowings	(109)	(126)	(2,308)
Capital reduction	-	-	(3,777)
<b>Net cash inflow / (outflow) from financial activities</b>	<b>2,430</b>	<b>3,459</b>	<b>4,012</b>
<b>Investing activities:</b>			
Investments in property, plant and equipment	(553)	(584)	(3,173)
Investments in intangible assets	(241)	(382)	(651)
Sales of non-current financial assets	-	(28)	(25)
Disposal of assets	7	42	1,767
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(787)</b>	<b>(952)</b>	<b>(2,082)</b>
Cash at the beginning of the period	20,610	17,071	17,071
Cash flow for the period	(1,193)	(8,109)	1,662
Currency exchange differences	(1,855)	5,515	1,877
<b>Cash at the end of the period</b>	<b>17,562</b>	<b>14,477</b>	<b>20,610</b>
<b>Cash comprises:</b>			
Cash and cash equivalents	17,562	14,623	20,812
Bank overdrafts	-	(146)	(202)
<b>Total</b>	<b>17,562</b>	<b>14,477</b>	<b>20,610</b>

SEGMENT INFORMATION

EUR 000's	AMER	EMEA	APAC	HQ	Inter-Group elimination	Total
<b>Unaudited</b>						
<b>Three months ended 31 March 2016</b>						
Revenue from sales of goods and services	14,983	41,720	12,298	-	(22,917)	46,084
Other income	554	1,576	479	5,431	(6,855)	1,185
Operating expenses before depreciation and amortisation	(17,157)	(42,840)	(13,321)	(4,989)	29,671	(48,636)
<b>Gross Operating Result</b>	<b>(1,620)</b>	<b>456</b>	<b>(544)</b>	<b>442</b>	<b>(101)</b>	<b>(1,367)</b>
<b>Unaudited</b>						
<b>Three months ended 31 March 2015</b>						
Revenue from sales of goods and services	10,299	38,232	8,530	-	(15,750)	41,311
Other income	376	1,748	1,599	240	(2,865)	1,098
Operating expenses before depreciation and amortisation	(12,778)	(39,447)	(9,921)	(160)	17,398	(44,908)
<b>Gross Operating Result</b>	<b>(2,103)</b>	<b>533</b>	<b>208</b>	<b>80</b>	<b>(1,217)</b>	<b>(2,499)</b>
<b>Audited</b>						
<b>Year ended 31 December 2015</b>						
Revenue from sales of goods and services	51,930	201,865	81,065	-	(102,637)	232,223
Other income	722	7,634	5,806	4,622	(12,802)	5,982
Operating expenses before depreciation and amortisation	(62,809)	(198,511)	(77,727)	(2,437)	115,642	(225,842)
<b>Gross Operating Result</b>	<b>(10,157)</b>	<b>10,988</b>	<b>9,144</b>	<b>2,185</b>	<b>203</b>	<b>12,363</b>

**PARENT COMPANY - CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

CAVOTEC SA	Unaudited three months 31 Mar, 2016	Unaudited year 31 Mar, 2015	Audited year 31 Dec, 2015
<b>EUR 000's</b>			
Other income	832	474	3,355
Employee benefit costs	(249)	(295)	(940)
Operating expenses	(282)	(248)	(1,283)
<b>Operating Result</b>	<b>301</b>	<b>(69)</b>	<b>1,132</b>
Interest expenses - net	(7)	(5)	(26)
Currency exchange differences - net	(3)	1	(577)
<b>Profit / (Loss) before income tax</b>	<b>291</b>	<b>(73)</b>	<b>529</b>
Income taxes	(3)	(7)	(7)
<b>Profit / (Loss) for the period</b>	<b>288</b>	<b>(79)</b>	<b>522</b>
<b>Other comprehensive income:</b>			
Actuarial gain (loss)	-	-	48
<b>Total comprehensive income for the period</b>	<b>288</b>	<b>(79)</b>	<b>570</b>

**PARENT COMPANY - CONDENSED BALANCE SHEET**

CAVOTEC SA	Unaudited year 31 Mar, 2016	Unaudited year 31 Mar, 2015	Audited year 31 Dec, 2015
<b>EUR 000's</b>			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	89	27	62
Trade receivable	207	3	2,159
Tax assets	10	24	22
Other current receivables	669	199	30
<b>Total current assets</b>	<b>975</b>	<b>253</b>	<b>2,274</b>
<b>Non-current assets</b>			
Investment in subsidiary companies	155,622	135,625	155,622
Deferred tax assets	36	-	31
<b>Total non-current assets</b>	<b>155,658</b>	<b>135,625</b>	<b>155,652</b>
<b>Total assets</b>	<b>156,633</b>	<b>135,878</b>	<b>157,926</b>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Bank overdrafts	(55,666)	(32,607)	(56,975)
Current financial liabilities	(1,955)	(1,955)	(1,955)
Trade payables	(208)	(71)	(280)
Provision for risks and charges - current	-	(187)	(263)
Other current liabilities	(490)	(539)	(460)
<b>Total current liabilities</b>	<b>(58,319)</b>	<b>(35,358)</b>	<b>(59,932)</b>
<b>Non-current liabilities</b>			
Provision for risks and charges - non current	(121)	(405)	(121)
Other non-current liabilities	(193)	(287)	(158)
<b>Total non-current liabilities</b>	<b>(314)</b>	<b>(692)</b>	<b>(278)</b>
<b>Total liabilities</b>	<b>(58,633)</b>	<b>(36,050)</b>	<b>(60,211)</b>
<b>Equity</b>	<b>(98,000)</b>	<b>(99,828)</b>	<b>(97,715)</b>
<b>Total equity</b>	<b>(98,000)</b>	<b>(99,828)</b>	<b>(97,715)</b>
<b>Total equity and liabilities</b>	<b>(156,633)</b>	<b>(135,878)</b>	<b>(157,926)</b>

## GENERAL INFORMATION

Cavotec is a global engineering group that manufactures power transmission, distribution and control technologies that form the link between fixed and mobile equipment in the Ports & Maritime, Airports, Mining & Tunnelling and General Industry sectors. All engineering and most manufacturing of Cavotec's products and systems take place at eight specialised engineering Centres of Excellence in Germany (two), Sweden, Norway, Italy, the United States (two) and New Zealand. Cavotec has fully-owned sales companies spread across the world which monitor local markets and co-operate with Cavotec's Centres of Excellence.

Cavotec SA, the Parent company, is a limited liability company incorporated and domiciled in Switzerland and listed on Nasdaq OMX in Stockholm, Sweden.

These unaudited Financial Statements have been approved by the Board of Directors for publication on 10 May 2016.

## BASIS OF PREPARATION OF FINANCIAL STATEMENTS

This quarterly report was prepared in accordance with IFRS, applying IAS 34 Interim Financial Reporting. The same accounting and valuation policies were applied in the most recent annual report. The condensed quarterly financial statements should be read in conjunction with the annual financial statements for the year ended in December 2016.

The preparation of quarterly financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

## SEGMENT INFORMATION

There have been no relevant changes to the assets and liabilities for segment information as shown in the Annual Report for 2015.

## LEGAL DISPUTES

Following the lawsuit against Mr. Colaco, the former owner of INET Airport Systems, the Orange County Superior Court issued a verdict in favour of Cavotec in June 2015. Mr. Colaco has filed a Notice of Appeal. The appeal process could continue into 2017. The company has taken a prudent approach and has not recorded any income from the June verdict.

## NOTEWORTHY RISKS AND UNCERTAINTIES

There have been no changes to what was stated by Cavotec in its Annual Report for 2015 under Risk management.

## REPORTING DATES 2016

The 2Q16 Quarterly Report will be published on 4 August 2016.

## FORWARD-LOOKING STATEMENTS

Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialisation and technological difficulties, interruptions in supply, and major customer credit losses.

## ANALYSTS & MEDIA

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