Cavotec will initiate a restructuring programme to free up resources for profitable growth, targeting annual savings of EUR 10 million

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Cavotec SA will initiate a restructuring programme in order to achieve annual savings of approximately EUR 10 million by 2021. Through this programme, Cavotec will free up resources to underpin its growth strategy. The programme follows the implementation of the efficiency project called A New Day, which is progressing well with two thirds of the projects completed or almost completed.

In the fourth quarter of 2017, Cavotec initiated an internal transformation project, called A New Day, to increase the company's efficiency and capability, after years of stagnant growth and unsatisfactory profitability. Furthermore, it was decided to streamline and simplify decision-making by creating three business divisions with clear profit and loss ownership, from product development through to sales and delivery. This new organizational structure became effective 1 January 2018.

In addition to the above measures, management and the Board of Directors of Cavotec have concluded that there is a need to further streamline the company structure to build a foundation for profitable growth.

Today, Cavotec therefore announces the second phase in the transformation with the goal of further improving profitability and cost competitiveness in its markets. The programme will focus on reducing SG&A and other inefficiencies caused by the Group's historically fragmented organization.

The majority of the changes are expected to be implemented in 2018, leading to significant run-rate savings already in 2019, and full annual savings of about EUR 10 million to be achieved in 2021. The restructuring costs are expected to amount to EUR 7 million; a majority of which will be accounted for in 2018. The reduction in headcount is estimated to be around 100 people spread across multiple locations.

"We see strong demand from our customers and we are starting to see tangible results from A New Day. We have decreased our permanent headcount by five per cent during the past year, leading to savings of EUR 1 million. In the first six months of 2018, we saw the strongest half-year order intake in Cavotec's history, and our research shows that our addressable markets grow by more than five per cent per year. In short, we have good reasons to believe we can grow profitably," commented Mikael Norin, CEO of Cavotec. He continued: "However, we need to address our structural issues. We need to organize ourselves in an efficient way and operate with scale to achieve sustainable profitability and cost competitiveness. With these new changes, we can take full advantage of our strong position."

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Attachment

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