



Cavotec SA - Interim report January - December 2019

February 21, 2020

Stable revenue and order book – Significantly improved profitability and cash flow

OCTOBER–DECEMBER 2019

- Order book stable at EUR 100.0 million (100.1)
- Order intake decreased 13.7% to EUR 38.2 million (44.2)
- Revenues decreased 2.1% to EUR 47.8 million (48.8)
- EBIT excluding non-recurring items increased to EUR 5.6 million (0.1), corresponding to a margin of 11.8% (0.2%)
- Non-recurring items amounted to EUR 0.3 million (11.2)
- Net result for the period was EUR 1.8 million (-13.4)
- Earnings per share basic and diluted amounted to EUR 0.019 (-0.169)
- Operating cash flow amounted to EUR 9.1 million (1.8)

JANUARY–DECEMBER 2019

- Order book stable at EUR 100.0 million (100.1)
- Order intake decreased 7.3% to EUR 196.0 million (211.5)
- Revenues were stable at EUR 196.0 million (197.0)
- EBIT excluding non-recurring items amounted to EUR 15.7 million (3.9), corresponding to a margin of 8.0% (2.0%)
- Non-recurring items amounted to EUR 3.4 million (17.8) million
- Net result for the period was EUR 7.5 million (-18.5)
- Earnings per share basic and diluted amounted to EUR 0.080 (-0.233)
- Operating cash flow amounted to EUR 14.4 million (1.2), including the California case payment of EUR 8.1 million paid in June 2019
- Net debt decreased to EUR 3.9 million (FY2018: 32.1)
- The Board of Directors' proposal to the AGM is that no dividend is to be paid for the 2019 financial year

Comment from the CEO

Transformation completed - Accelerated target for higher profitability announced

The transformation we started in the fall of 2017 is now finalized. We have completed a thorough reorganisation and restructuring of our business, a strengthening of the management team, a rights issue and we have launched a new strategy. During 2019, we have focused on locking in the improvements from those initiatives and on further investing in our Commercial and Operational Excellence programs to underpin our growth ambitions for 2020 and beyond. We now have a good control of costs, a more reliable process from sales to delivery and we focus our sales efforts on the right geographies and segments. We have also added an attractive service offering to our portfolio, which provides stable and predictable income streams.

Revenues for the fourth quarter and for the whole year 2019 were in line with previous year. This is a reflection of fewer big projects in some of our markets during 2019 but it also shows that we are becoming increasingly better at delivering stable financial performance without the boost from any extraordinary contract. This trend is supported by our Services offering, which has developed very well since the launch and now represents 20% of our total revenues.

Revenues within Ports & Maritime increased again in the fourth quarter, mainly as a result of higher sales in the Shorepower, MoorMaster™ and Reels product categories and the growing service offering within the segment. Revenues within Airports & Industry decreased due to a lack of bigger projects and lower activity among industrial companies and our continued focus on high quality orders. We are, however, optimistic for 2020 as we expect high activity in Airports with projects in India and the Middle East and to acquire new Industry customers in previously underserved geographies.

In 2019 we reported not only significantly improved profitability but also the highest cash generation since Cavotec was listed 2011 in Stockholm – even after the extraordinary payment of EUR 8.1 million in June 2019. One reason for this improvement is our focus on high quality, lower risk business combined with the lower cost base resulting from the transformation. The adjusted EBIT increased to EUR 5.6 million (0.1), corresponding to a margin of 11.8% (0.2%) and for the whole year to EUR 15.7 million (3.9), corresponding to a margin of 8.0% (2.0%). The operating cash flow amounted to EUR 9.1 million (1.8) in the fourth quarter and to EUR 14.4 million (1.2) for the whole year. This all together led to that the net debt decreased to EUR 3.9 million, which combined with continued good cash generation provides us with ample room to further develop our business organically and to start contemplating strategic acquisitions.

Our order book at the end of the quarter is stable relative to a year ago at EUR 100.0 million on the back of a lower year over year order intake. We don't expect the lower order intake in the quarter to have an impact on our growth ambitions for 2020 as variations from one quarter to another is common for us.

Our strong financial performance in the quarter and the year means that we have met and exceeded our 7% annual EBIT margin target earlier than

expected. We have therefore today announced a new accelerated financial target; we are now aiming to reach an annual adjusted EBIT margin of more than 10% within two years and more than 12% within five years. The remaining targets are unchanged.

I'm very happy to conclude that thanks to the hard work of our incredible people we have left a challenging period in the company's history behind us. We can now fully leverage our fantastic products, sustainable technologies and excellent customer relationships.

Lugano, February 21, 2020

Mikael Norin

Chief Executive Officer

ENDS

Q419 Conference call

A conference call for shareholders, analysts and media will be held on 21 February 2020 at 10:00 CET. Participating on the conference call from Cavotec will be Mikael Norin, CEO, and Glenn Withers, CFO.

Conference call Dial-in numbers:

SE: +46850558354

UK: +443333009266

US: +18335268397

Weblink: <https://tv.streamfabriken.com/cavotec-q4-2019>

Quarterly Reports on www.cavotec.com

The full report for the period January-December 2019 and previous quarterly and full year reports are available at:
<http://ir.cavotec.com/financial-reports>

Analysts & Media

Johan Hähnel – Investor Relations Manager

Mobile: +46 70 605 63 34 – Email: investor@cavotec.com

This is information that Cavotec SA is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CET on 21 February 2020.

Attachment

- [Q419 FY Report](#)