



## 4Q11 Report and full year 2011 summary

February 29, 2012

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*This is a summary of the 4Q11 report and full year summary 2011 published today. The complete 4Q11 report and full year 2011 summary with tables is available at <http://investor.cavotec.com/results.cfm>. Investors should not rely on summaries only, but should review the complete reports with tables.*

- Accumulated revenues reached EUR 189,969 thousands at the end of December (144,960), up 31% on the same period last year
- Adjusted operating result<sup>(1)</sup> increased 14.4% to EUR 14,174 thousands (12,387)
- Order intake for the last twelve months rolling reached EUR 215,876 thousands
- Order book at 31 December 2011 stood at EUR 95,042 thousands, up 43% compared to 2010 (66,378)
- Adjusted earnings per share<sup>(2)</sup> increased 29% to EUR 0.160 (0.125)
- The Board of Directors proposes a dividend of CHF 0.02 per share

*(1) Operating result adjusted for acquisition and reorganization costs, (2) Earnings per share adjusted for non-recurring items*

### A comment from the CEO

2011 saw great changes, challenges and opportunities for Cavotec. Over the past year we acquired a new company in the USA, re-financed the Group's credit facilities, continued to develop our market position, re-listed the Group to the NASDAQ OMX in Stockholm, Sweden and last but not least, managed to significantly increase our revenues.

Despite this we must also continue to look where we can improve as a company. One of our main goals for 2012 is to strengthen the level of profitability compared to 2011, which was affected by three ongoing strategic investments for our future growth:

- Revenue mix: 2011 saw a shift towards larger, more complex and more system oriented projects, simultaneously establishing a knowledge base within the company to handle larger scale projects
- Landmark projects: a continuation of our strategy to strengthen our market share and broaden our product offering
- Strengthening global network: continued development, expansion and improvement of our global sales and support structure

### Looking ahead

Following a consistent and record-high stream of Order Intake and revenues throughout 2011, Cavotec started 2012 with an Order Book of EUR 95.0 million, its highest end of year level ever. January 2012 continued on the same positive track registering a record in Order Intake of EUR 21.8 million and a new high in the Order Book at EUR 105.4 million.

Although there is some on-going uncertainty surrounding prospects for economic growth in Europe, we believe that the diversification and exposure to non-European and emerging markets (European customers represent only 40.5% of Group revenues) will allow Cavotec to continue to register growth in 2012, offsetting any potential downturn in orders in some isolated markets and geographical areas during the year.

Our outlook remains confident and we have established as a 2012 objective to improve operating margins compared to the levels achieved in 2011.

## **The regions**

Although 4Q11 saw a consistent development for Cavotec as a whole, certain regions reported a significant increase in activity over the previous period.

A good example of this is in the Americas where both a good Order Intake and Order Invoiced was due in part to the first signs of improvement in the US economy and the ongoing economic boom in South America. Another contributing factor to this positive trend is the further integration of Cavotec INET into the Group structure. Acquired in August 2011, the company has already made good progress in contributing to Cavotec's overall results.

In Europe the Group reported slightly lower figures compared to the previous period. This development is mainly due to the ongoing financial uncertainty in the Eurozone, continuing to impact some industry segments within the region.

The Middle East noted a positive trend throughout 4Q but with a moderate overall increase compared to the last period. A main contributor to this growth was the General Industry Market Unit with some interesting orders from customers throughout the region.

In comparison, the South-East Asia region posted a strong performance, with increases in both Order Intake and Order Invoiced across all industry segments in particular for the energy segment contained within the General Industry Market Unit.

The strongest performance came from the Far East underlining the ongoing growth in many of the local economies in that region. The main contributor to this positive trend was the Airports Market Unit, with some significant orders coming from both Shanghai and Hong Kong.

## **Revenues, earnings and profitability**

### *Quarterly results*

In 4Q11, revenues reached EUR 60,239 thousands up 50.8% compared to 2010 (39,958). Acquisitions contributed 11.1% in the period while negative effect from currency movements subtracted 0.7%. Adjusted for non-recurring costs of EUR 1,237 thousands the operating result amounted to EUR 4,339 thousands compared with EUR 4,042 thousands in 4Q10. Change in the revenue mix and cost inflation explain the decrease of the operating margin.

The profit for the period has been also adversely affected by non-operating costs, related to the reincorporation in Switzerland, the delisting from the New Zealand Stock Exchange and subsequent listing on NASDAQ OMX, totalling EUR 834 thousands. Net interest expenses remained stable while currency exchanges differences deducted EUR 64 thousands compared to a positive contribution of EUR 211 thousands in 4Q10.

Net loss amounted to EUR 566 thousands impacted by non-deductibility of the non-operating costs and non-cash reduction of deferred tax assets.

### *Full year results*

Revenues in 2011 amounted to EUR 189,969 thousands (144,960) a 26.6% organic growth rate; acquisitions contributed 4.5% while the negative currency effect was 0.1%.

The adjusted operating profit amounted to EUR 14,174 thousands (12,387) before deducting EUR 1,490 thousands of non-recurring costs related to the INET acquisition and subsequent reorganization.

Net finance items were negative EUR 59 thousands, a significant improvement compared to the previous year (973) due to favourable exchange rates fluctuations and lower effective interest rates.

Profit before income tax for the year of EUR 10,305 thousands compared to EUR 11,414 thousands for the

same period in 2010 has been adversely affected by a charge of EUR 2,320 thousand for non-operating costs incurred in relation to the delisting from New Zealand, reincorporation in Switzerland and subsequent listing on Nasdaq OMX and by the above mentioned non-recurring costs.

The income tax charge for the year was negatively impacted by the expensing of certain deferred tax assets in consequence of the corporate reorganization of the Group related to the transfer of the listing which had the effect of increasing income tax expense by approximately EUR 1,147 thousands and was also adversely affected by the non-deductible nature of the non-operating costs referred to above.

Net profit decreased to EUR 5,844 thousands (8,006).

### **Cash flow**

Operating cash flow was negative in the quarter at EUR 4,468 thousands reflecting the negative working capital movements associated with the increased level of activity in the quarter. Year to date, operating cash flow totalled EUR 5,474 thousands, financial activities contributed EUR 2,712 thousands and cash flow from investing activities was negative at EUR 6,707 thousands due to investments in the expansion of the manufacturing facilities.

### **Net debt**

The Group's net debt increased to EUR 23,708 thousands, compared to EUR 19,651 thousands at the end of 2010 and EUR 21,378 thousands at the end of the previous quarter. Cavotec's 12-month rolling leverage ratio (Net Debt/EBITDA adj.) slightly increased from 1.25 to 1.31, while the Group's debt/equity ratio improved from 25.6% to 24.3%.

### **Employees**

The main increase in our employee numbers came following the recent acquisition of Cavotec INET in the USA. On 31 December 2011, the number of Cavotec employees converted to a full-time employment equivalent was 896, an increase of 5 since 30 September 2011 and 178 more compared to 31 December 2010.

*For the full 4Q11 Report and full year 2011 summary please download it from: <http://investor.cavotec.com/results.cfm>*

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