

3Q 2017 | Interim report July-September 2017



Transformation in progress

One-time charges hurting profitability

Third quarter 2017

- Order intake reached EUR 39.1 million (3Q16: 46.5), a decrease of 15.8% compared to previous year.
- Order book decreased 2.9% to EUR 97.5 million (3Q16: 100.4).
- Revenues for the quarter totaled EUR 52.2 million, an increase of 1.9% compared to previous year (3Q16: 51.3).
- EBIT excluding non-recurring items amounted to EUR 0.8 million (3Q16: 1.5), corresponding to a margin of 1.6% (3Q16: 3.0%).
- Non-recurring items amounted EUR -7.5 million mainly due to operational write-downs.
- Net result for the period was a loss of EUR -7.6 million (3Q16: -0.6). Earnings per share basic and diluted decreased to EUR -0.097 (3Q16: -0.008).
- Operating cash flow was EUR -2.7 million (3Q16: 7.3).

Nine months 2017

- Order intake reached EUR 150.1 million (9M16: 153.3), a decrease of 2.1% compared to previous year.
- Revenues for the nine months totaled EUR 155.8 million, an increase of 3.0% compared previous year (9M16: 151.3).
- EBIT excluding non-recurring items amounted to EUR 2.7 million (9M16: 3.6), corresponding to a margin of 1.7% (9M16: 2.4%). Figures include non-recurring items EUR -8.2 million due to operational write-downs.
- Net result for the period was a loss of EUR -11.4 million (9M16: 1.6). Earnings per share basic and diluted decreased to EUR -0.145.
- Operating cash flow was EUR -5.0 million (9M16: 2.4).
- Net debt increased to EUR 37.2 million (9M16: 30.5).

FINANCIAL SUMMARY

	Quarter			YTD			LTM Rolling	Full Year	
EUR 000's	3Q17	3Q16	Delta	9M17	9M16	Delta	3Q17-4Q16	FY16	Delta
Order intake	39,110	46,452	-15.8%	150,105	153,280	-2.1%	213,221	216,396	-1.5%
Order book	97,534	100,415	-2.9%	97,534	100,415	-2.9%	97,534	103,325	-5.6%
Revenues	52,219	51,265	1.9%	155,760	151,296	3.0%	215,982	211,518	2.1%
EBITDA excluding non-recurring items	1,871	2,632	-28.9%	5,940	6,974	-14.8%	16,137	17,171	-6.0%
EBITDA	(4,533)	2,477	-283.0%	(1,146)	9,793	-111.7%	6,436	17,375	-63.0%
EBITDA, %	-8.7%	4.8%	-13.5 pp	-0.7%	6.5%	-7.2 pp	3.0%	8.2%	-5.2 pp
EBIT excluding non-recurring items	828	1,524	-45.7%	2,689	3,568	-24.6%	11,198	12,078	-7.3%
EBIT	(6,663)	1,368	-587.1%	(5,484)	6,388	-185.8%	410	12,281	-96.7%
EBIT, %	-12.8%	2.7%	-15.4 pp	-3.5%	4.2%	-7.7 pp	0.2%	5.8%	-5.6 pp
Result for the period	(7,586)	(608)	1,148.6%	(11,357)	1,577	-820.4%	(6,449)	6,484	-199.5%
Basic and diluted earnings per share, EUR	(0.097)	(0.008)	1,149.4%	(0.145)	0.020	-820.6%	(0.027)	0.083	-133.2%
Operating cash flow	(2,744)	7,297	-137.6%	(5,028)	2,408	-308.8%	2,693	10,128	-73.4%
Net debt	(37,180)	(30,459)	22.1%	(37,180)	(30,459)	22.1%	(37,180)*	(22,713)	63.7%
Equity/assets ratio	51.2%	56.3%	-5.1 pp	51.2%	56.3%	-5.1 pp	51.2%*	59.7%	-8.5 pp
Leverage ratio	2.34x	2.06x	-0.1x	2.34x	2.06x	-0.1x	2.34x*	1.34x	0.6x
Full time equivalent employees*	982	1,005	-23	982	1,005	-23	982*	1,003	-21

* Balances per 9M17

Comment from the CEO

A New Organizational Structure to Tackle Internal Challenges

It's been an intense few months for me since taking on the role as CEO at the start of July. After meeting with our business units, employees and many of our customers, I have a much better view of our strengths and weaknesses. I'm confident Cavotec's innovative products are uniquely positioned to support our customers' drive to become greener and more automated. I also now know there is more internal work to be done to make sure we operate more efficiently and effectively and we have begun taking decisive action to address these areas.

Our third-quarter revenue amounted to EUR 52.2 million, putting our revenue for the first nine months at EUR 155.8 million. This represents a 3 per cent increase compared to last year's first nine months. Cavotec recorded an EBIT loss of EUR 6.7 million during this quarter. This includes operational write-downs of EUR 7.5 million related to our ongoing review of our businesses. The loss for the quarter is clearly disappointing, but the write-downs are needed as we take on the challenge of transforming Cavotec.

As Cavotec has grown over the years we have become a true global player in our segments. With our focus on innovation and product development, our customers expect us to play an ever increasing part in supplying them with complete solutions. At the same time our internal processes haven't kept pace. With this in mind we have launched an internal transformation plan consisting of a multitude of projects focused on every aspect of how we operate.

A critical step to transforming the company is to have a clear understanding of where each business is in terms of its opportunities and challenges. That starts with clarity around responsibility, authority and accountability.

Today, we are announcing our plan to streamline and simplify decision making by creating an organisation with three business divisions. You're already familiar with the first two – Ports & Maritime and Airports & Industry. We are also creating a third business division called Services. This new Services division will be tasked with developing an after-market business, something our customers

view as a key area. Breaking out Services will ensure focus and the attention this potential deserves. The new organizational structure also gives each business division clear profit and loss ownership, from product development to sales to delivery, by moving the supply chain in under their responsibility. The new organization will increase transparency around operational performance and ensure optimum capital allocation. Together with the transformation plan it will provide us with a much-needed structure on which to build for the future.

Even though our review of the operations continues we wanted to be as transparent as possible. We are moving forward with urgency, speed and purpose. Transforming Cavotec won't happen overnight, but we are committed to having open communications along the way.

Cavotec is making these changes from a position of strength. As our customers push to reduce their carbon emissions and work more efficiently they are increasingly turning to us for innovative solutions. The steps we're taking now will make sure we are better able to serve them for years to come.

Looking Forward

We are in the process of transforming Cavotec and we continue to see 2017 as a transitional year. I still expect modest revenue growth for 2017 overall compared with last year.

Lugano, October 31, 2017



Mikael Norin

Chief Executive Officer



ORDER INTAKE AND REVENUES

Order Intake				
EUR 000's	3Q17	3Q16	9M17	9M16
Order Intake	39,110	46,452	150,105	153,280
Increase/decrease	(7,342)	1,263	(3,175)	(21,652)
Percentage change	-15.8%	2.8%	-2.1%	-12.4%
Of which				
- Volumes and prices	-17.6%	-3.1%	-3.0%	-9.2%
- Currency effects	1.7%	5.9%	0.9%	-3.1%

Revenues				
EUR 000's	3Q17	3Q16	9M17	9M16
Revenues	52,219	51,265	155,760	151,296
Increase/decrease	954	(2,010)	4,463	(2,113)
Percentage change	1.9%	-3.8%	3.0%	-1.4%
Of which				
- Volumes and prices	1.7%	-2.7%	2.9%	0.7%
- Currency effects	0.2%	-1.1%	0.0%	-2.1%

BUSINESS UNITS

Order Intake									
EUR 000's	3Q17	3Q16	Change %	9M17	9M16	Change %	LTM Rolling	FY16	Change %
Ports & Maritime	9,151	17,275	-47.0%	46,459	62,213	-25.3%	68,982	84,736	-18.6%
Airports & Industry	29,959	29,177	2.7%	103,646	91,067	13.8%	144,239	131,660	9.6%
Total	39,110	46,452	-15.8%	150,105	153,280	-2.1%	213,221	216,396	-1.5%

Revenues									
EUR 000's	3Q17	3Q16	Change %	9M17	9M16	Change %	LTM Rolling	FY16	Change %
Ports & Maritime	19,084	22,352	-14.6%	56,734	68,074	-16.7%	83,754	95,094	-11.8%
Airports & Industry	33,135	28,913	14.6%	99,026	83,222	19.0%	132,228	116,424	13.6%
Total	52,219	51,265	1.9%	155,760	151,296	3.0%	215,982	211,518	2.2%

Book/Bill ratio			Book/Bill ratio			Order Book		
EUR 000's	3Q17	3Q16	9M17	9M16		9M17	9M16	Change %
Ports & Maritime	0.48	0.77	0.82	0.91		37,780	52,659	-28.3%
Airports & Industry	0.90	1.01	1.05	1.09		59,754	47,755	25.1%
Total	0.75	0.91	0.96	1.01		97,534	100,415	-2.9%

Financial Review

Revenues development

Quarterly results

Revenues in the third quarter of 2017 reached EUR 52.2 million, an increase of 1.9% compared to the same quarter of previous year (3Q16: 51.3). Organic growth was 1.7%. The contribution in the quarter from revenues of long term contract projects recognized according to IAS11 is EUR 5.3 million.

Ports & Maritime

Revenue for Ports & Maritime ended at EUR 19.1 million, a decrease of 14.6% compared to 3Q16. This slowdown is mainly due to softness in the container terminals market with low investments, effecting our day-to-day business in that market. Revenues are further impacted by a lack of large project deliveries.

Airports & Industry

Airports & Industry is the BU with the highest revenue in the quarter reaching EUR 33.1 million, an increase of 14.6% compared to 3Q16. The highest contribution in term of revenues for airport is provided by large project deliveries of PCAs, fueling pit systems and aircraft ground support. Industry maintains positive growth mainly due to the supply of reels in the mining segment.

Nine months results

Revenues in the nine months of 2017 reached EUR 155.8 million, an increase of 3.0% compared to the same period of the previous year (9M16: 151.3). Organic growth was 2.9%. While Airports & Industry showed an increase in revenues across all quarters, Ports & Maritime presented steady revenues in the first quarter and a negative trend in the two following periods.

EBIT

Quarterly results

EBIT for the third quarter of 2017 amounted to EUR -6.7 Million (3Q16: 1.4), corresponding to an operating margin of -12.8% (3Q16: 2.7%). The figures include non-recurring items EUR -7.5 million due to write-down of inventory and fixed assets.

Nine months results

EBIT for the nine months of 2017 amounted to EUR -5.5 million (9M16: 6.4), corresponding to an operating margin of -3.5% (9M16: 4.2%), due to write-downs and executional challenges related to large projects. There was no material impact of the foreign exchange rates on the EBIT. Previous year figures include non-recurring income EUR 4.8 million from US litigation settlement.

Result for the period and earnings per share

Quarterly results

Finance costs amounted to EUR -0.9 million (3Q16: -0.9) in the third quarter of 2017, of which interest expenses of EUR -0.4 million and exchange differences of EUR -0.5 million. Profit before tax decreased to EUR -7.5 million (3Q16: 0.5). Income tax for the third quarter of 2017 amounted to EUR -0.1 million (3Q16: -1.1).

The net result for the period was EUR -7.6 million (3Q16: -0.6). Earnings per share amounted to EUR -0.097 (3Q16: -0.008) on basic and diluted basis.

Nine months results

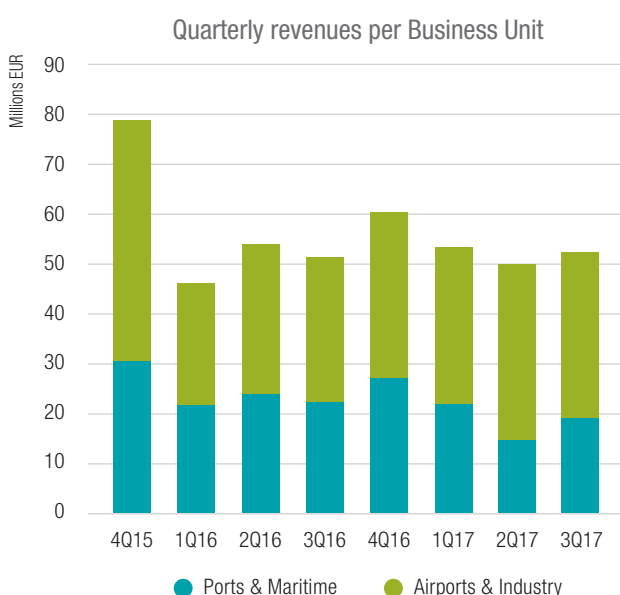
Finance costs amounted to EUR -3.9 million (9M16: -2.5) of which interest expenses of EUR -1.2 million and exchange differences of EUR -2.7 million. Income tax for the nine months amounted to EUR -1.9 million (9M16: -2.9).

Net result for the nine months amounted to EUR -11.4 million (9M16: 1.6). Earnings per share amounted to EUR -0.145 (9M16: 0.020) on basic and diluted basis.

Cash flow

Quarterly results

Cash flow from operating activities was EUR -2.7 million (3Q16: 7.3) in the third quarter of 2017. Increase in working capital had negative effect on cash flow. Cash flow from investing activities amounted to EUR -0.9 million (3Q16: -0.7). Capital expenditure was due to capitalization of R&D costs and investments in new production facilities also in 3Q17.



Cash flow from financing activities was EUR 2.2 million (3Q16: -5.1), as a consequence of an increase in utilization of the revolving credit facility.

Cash and cash equivalents amounted to EUR 16.9 million at 30 September 2017 (EUR 15.0 million at 31 December 2016).

Nine months results

Cash flow from operating activities was EUR -5.0 million in the nine months (9M16: 2.4 million). Cash flow from investing activities amounted to EUR -3.0 million (9M16: -2.6). Financial activities was positive at EUR 14.7 million (9M16: -1.6). Cash flow has deteriorated due to low profitability and an increase in working capital. The growth was mainly affected by the increase in POC receivables.

Financial Position

Cavotec's total assets amounted to EUR 244.8 million at 30 September 2017 (EUR 243.6 million at 31 December 2016). The equity to assets ratio was 51.2% at 30 September 2017 (59.7% at 31 December 2016).

Consolidated net debt including pension liabilities was EUR 37.2 million at 30 September 2017 (EUR 22.7 million at 31 December 2016).

Employees

The number of full time equivalent employees in Cavotec Group was 982 (3Q16: 1,005) as of 30 September 2017.



400Hz & PCA Pop-up Pits, Dubai Airport

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 000's	Unaudited three months 30 Sep, 2017	Unaudited three months 30 Sep, 2016	Unaudited nine months 30 Sep, 2017	Unaudited nine months 30 Sep, 2016	Audited year 31 Dec, 2016
Revenue from sales of goods and services	52,219	51,265	155,760	151,296	211,518
Other income	1,150	844	2,888	7,448	8,745
Cost of materials	(32,773)	(24,076)	(82,371)	(70,333)	(97,965)
Employee benefit costs	(16,604)	(15,410)	(50,526)	(49,694)	(64,964)
Operating expenses	(8,524)	(10,146)	(26,896)	(28,925)	(39,959)
Gross Operating Result	(4,533)	2,477	(1,146)	9,793	17,375
Depreciation, amortisation and impairment losses	(2,130)	(1,109)	(4,338)	(3,405)	(5,094)
Operating Result	(6,663)	1,368	(5,484)	6,388	12,281
Interest income	85	45	160	577	764
Interest expenses	(422)	(435)	(1,199)	(1,321)	(1,850)
Currency exchange differences - net	(529)	(458)	(2,713)	(1,192)	77
Other financial item	-	-	(242)	-	-
Result before income tax	(7,529)	520	(9,478)	4,452	11,272
Income taxes	(57)	(1,127)	(1,879)	(2,875)	(4,788)
Result for the period	(7,586)	(608)	(11,357)	1,577	6,484
Other comprehensive income:					
Remeasurements of post employment benefit obligations	15	1	34	4	122
Items that will not be reclassified to profit or loss	15	1	34	4	122
Currency translation differences	(1,309)	(57)	(5,573)	(1,419)	1,168
Items that may be subsequently reclassified to profit / (loss)	(1,309)	(57)	(5,573)	(1,419)	1,168
Other comprehensive income for the period, net of tax	(1,293)	(56)	(5,538)	(1,414)	1,290
Total comprehensive income for the period	(8,879)	(664)	(16,895)	161	7,774
Total comprehensive income attributable to:					
Equity holders of the Group	(8,878)	(664)	(16,891)	162	7,773
Non-controlling interest	(1)	-	(4)	(1)	1
Total	(8,879)	(664)	(16,895)	161	7,774
Result attributed to:					
Equity holders of the Group	(7,586)	(608)	(11,357)	1,577	6,484
Total	(7,586)	(608)	(11,357)	1,577	6,484
Basic and diluted earnings per share attributed to the equity holders of the Group	(0.097)	(0.008)	(0.145)	0.020	0.083
Average number of shares	78,415,813	78,373,978	78,415,813	78,466,444	78,443,019

CONSOLIDATED BALANCE SHEET

EUR 000's	Unaudited 30 Sep, 2017	Unaudited 30 Sep, 2016	Audited 31 Dec, 2016
Assets			
Current assets			
Cash and cash equivalents	16,905	17,474	14,982
Trade receivables	40,696	46,721	51,585
Tax assets	658	1,009	1,096
Other current receivables	22,055	8,061	6,086
Inventories	41,720	47,620	40,213
Total current assets	122,034	120,886	113,962
Non-current assets			
Property, plant and equipment	19,636	25,862	22,060
Intangible assets	71,818	70,613	75,124
Non-current financial assets	269	282	299
Deferred tax assets	20,010	19,487	20,425
Other non-current receivables	7,240	7,390	7,763
Total non-current assets	118,973	123,633	125,671
Assets held for sale	3,816	-	3,953
Total assets	244,823	244,519	243,586
Equity and Liabilities			
Current liabilities			
Current financial liabilities	(2,212)	(2,560)	(3,801)
Trade payables	(34,795)	(28,614)	(30,047)
Tax liabilities	(2,007)	(1,765)	(3,630)
Provision for risk and charges, current	(6,409)	(5,871)	(6,123)
Other current liabilities	(11,154)	(12,263)	(11,109)
Total current liabilities	(56,577)	(51,072)	(54,710)
Non-current liabilities			
Non-current financial liabilities	(51,129)	(44,281)	(32,952)
Deferred tax liabilities	(6,651)	(6,654)	(6,854)
Other non-current liabilities	(586)	(278)	(351)
Provision for risk and charges, non-current	(4,537)	(4,476)	(3,269)
Total non-current liabilities	(62,903)	(55,688)	(43,426)
Total liabilities	(119,480)	(106,760)	(98,136)
Equity			
Equity attributable to owners of the parent	(125,316)	(137,730)	(145,418)
Non-controlling interests	(27)	(29)	(32)
Total equity	(125,343)	(137,759)	(145,450)
Total equity and liabilities	(244,823)	(244,519)	(243,586)

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
Unaudited						
Balance as at 1 January 2016	(88,772)	(11,069)	(39,998)	(139,840)	(30)	(139,870)
(Profit) / Loss for the period	-	-	(1,577)	(1,577)	-	(1,577)
Currency translation differences	-	1,419	-	1,419	1	1,420
Remeasurements of post employment benefit obligations	-	(4)	-	(4)	-	(4)
Total comprehensive income and expenses	-	1,414	(1,577)	(162)	1	(161)
Capital reduction	1,930	(4)	-	1,925	-	1,925
Acquisition of Treasury shares	-	347	-	347	-	347
Transactions with shareholders	1,930	342	-	2,272	-	2,272
Balance as at 30 September 2016	(86,842)	(9,312)	(41,575)	(137,730)	(29)	(137,759)
Audited						
Balance as at 1 January 2016	(88,772)	(11,069)	(39,998)	(139,840)	(30)	(139,870)
(Profit) / Loss for the period	-	-	(6,484)	(6,484)	-	(6,484)
Currency translation differences	-	(1,166)	-	(1,166)	(1)	(1,168)
Remeasurements of post employment benefit obligations	-	(122)	-	(122)	-	(122)
Total comprehensive income and expenses	-	(1,288)	(6,484)	(7,773)	(1)	(7,774)
Capital reduction	1,930	(4)	-	1,926	-	1,926
Acquisition of Treasury shares	-	347	-	347	-	347
Issue of Treasury shares to employees	-	(81)	-	(81)	-	(81)
Transactions with shareholders	1,930	264	-	2,193	-	2,193
Balance as at 31 December 2016	(86,842)	(12,094)	(46,482)	(145,418)	(32)	(145,450)
Unaudited						
Balance as at 1 January 2017	(86,842)	(12,094)	(46,482)	(145,418)	(32)	(145,450)
(Profit) / Loss for the period	-	-	11,357	11,357	-	11,357
Currency translation differences	-	5,569	-	5,569	4	5,573
Remeasurements of post employment benefit obligations	-	(34)	-	(34)	-	(34)
Total comprehensive income and expenses	-	5,534	11,357	16,891	4	16,895
Capital reduction	3,216	(6)	-	3,210	-	3,210
Transactions with shareholders	3,216	(6)	-	3,210	-	3,210
Balance as at 30 September 2017	(83,626)	(6,566)	(35,124)	(125,316)	(27)	(125,343)

CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD

EUR 000's	Unaudited three months 30 Sep, 2017	Unaudited three months 30 Sep, 2016	Unaudited nine months 30 Sep, 2017	Unaudited nine months 30 Sep, 2016	Audited year 31 Dec, 2016
Profit for the period	(7,586)	(608)	(11,357)	1,577	6,484
Adjustments for:					
Net interest expenses	253	311	796	499	763
Current taxes	959	1,547	2,494	3,460	5,403
Depreciation and amortisation	2,130	1,109	4,338	3,406	5,093
Deferred tax	(903)	(420)	(615)	(585)	(615)
Provision for risks and charges	6,382	1,741	5,407	(739)	(268)
Capital gain or loss on assets	(41)	(23)	(112)	(131)	(153)
Other items not involving cash flows	725	1,255	3,659	2,415	(643)
Interest paid	(239)	(307)	(698)	(497)	(742)
Taxes paid / received	396	(1,320)	(3,681)	(5,682)	(5,845)
	9,662	3,893	11,588	2,146	2,993
Cash flow before changes in working capital	2,076	3,285	231	3,723	9,477
Impact of changes in working capital:					
Inventories	1,720	1,834	(6,503)	(3,188)	2,356
Trade receivables	(2,163)	12,307	11,758	16,686	11,095
Other current receivables	(2,567)	(674)	(15,964)	(719)	893
Trade payables	(2,533)	(10,084)	4,748	(9,491)	(7,980)
Other current liabilities	546	571	(58)	(3,000)	(3,883)
Long term receivables and liabilities	177	58	760	(1,603)	(1,828)
Impact of changes involving working capital	(4,820)	4,012	(5,259)	(1,315)	653
Net cash inflow / (outflow) from operating activities	(2,744)	7,297	(5,028)	2,408	10,130
Financial activities:					
Proceeds of loans and borrowings	2,233	-	19,877	1,514	345
(Repayments) of loans and borrowings	-	(2,958)	(1,560)	(631)	(10,252)
Capital reduction	-	(2,156)	(3,605)	(2,156)	(2,156)
Purchase of own shares	-	(1)	-	(347)	(347)
Net cash inflow / (outflow) from financial activities	2,233	(5,115)	14,712	(1,620)	(12,410)
Investing activities:					
Investments in property, plant and equipment	(502)	(461)	(1,692)	(1,518)	(2,409)
Investments in intangible assets	(496)	(341)	(1,540)	(1,318)	(1,859)
Disposal of assets	76	59	204	196	287
Net cash inflow / (outflow) from investing activities	(922)	(743)	(3,028)	(2,640)	(3,981)
Cash at the beginning of the period	19,272	16,172	14,982	20,610	20,610
Cash flow for the period	(1,433)	1,439	6,656	(1,852)	(6,261)
Currency exchange differences	(934)	(137)	(4,733)	(1,284)	633
Cash at the end of the period	16,905	17,474	16,905	17,474	14,982
Cash comprises:					
Cash and cash equivalents	16,905	17,474	16,905	17,474	14,982
Total	16,905	17,474	16,905	17,474	14,982

SEGMENT INFORMATION

EUR 000's	Ports & Maritime	Airports & Industry	Other reconciling items	Total
Unaudited Three months ended 30 September 2017				
Revenue from sales of goods and services	19,084	33,135	-	52,219
Other income	657	493	-	1,150
Cost of materials and operating expenses before depreciation and amortisation	(22,869)	(33,748)	(1,284)	(57,901)
Gross Operating Result	(3,128)	(120)	(1,284)	(4,533)
Unaudited Three months ended 30 September 2016				
Revenue from sales of goods and services	22,352	28,913	-	51,265
Other income	241	571	32	844
Cost of materials and operating expenses before depreciation and amortisation	(19,628)	(28,362)	(1,642)	(49,632)
Gross Operating Result	2,965	1,122	(1,610)	2,477
Unaudited Nine months ended 30 September 2017				
Revenue from sales of goods and services	56,734	99,026	-	155,760
Other income	1,189	1,699	-	2,888
Cost of materials and operating expenses before depreciation and amortisation	(61,043)	(94,025)	(4,725)	(159,793)
Gross Operating Result	(3,121)	6,700	(4,725)	(1,146)
Unaudited Nine months ended 30 September 2016				
Revenue from sales of goods and services	68,074	83,222	-	151,296
Other income	884	1,784	4,780	7,448
Cost of materials and operating expenses before depreciation and amortisation	(60,983)	(82,104)	(5,865)	(148,951)
Gross Operating Result	7,975	2,902	(1,084)	9,793
Unaudited Year ended 31 December 2016				
Revenue from sales of goods and services	95,094	116,424	-	211,518
Other income	1,685	2,240	4,820	8,745
Cost of materials and operating expenses before depreciation and amortisation	(86,370)	(109,452)	(7,066)	(202,888)
Gross Operating Result	10,409	9,212	(2,246)	17,375



Report on the Review

of Interim consolidated financial statements to the Board of Directors of Cavotec SA

Lugano

Introduction

We have reviewed the interim consolidated financial statements on pages 6 to 10 (statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flow statement and notes on page 13) of Cavotec SA for the nine months period ended 30 September 2017. The Board of Directors is responsible for the preparation and presentation of this interim consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA

Daniel Ketterer

Michele Aliprandi

Lugano, 31 October 2017

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PARENT COMPANY - CONDENSED STATEMENT OF COMPREHENSIVE INCOME

CAVOTEC SA EUR 000's	Unaudited three months 30 Sep, 2017	Unaudited three months 30 Sep, 2016	Unaudited nine months 30 Sep, 2017	Unaudited nine months 30 Sep, 2016	Audited year 31 Dec, 2016
Dividend	-	64	-	64	64
Other income	855	621	2,319	2,281	2,245
Employee benefit costs	(296)	(153)	(1,310)	(653)	(791)
Operating expenses	(199)	(347)	(976)	(1,065)	(1,420)
Operating Result	360	185	33	627	98
Interest expenses - net	(6)	(7)	(20)	(20)	(27)
Currency exchange differences - net	(14)	(253)	(421)	(256)	(257)
Profit / (Loss) before income tax	340	(74)	(408)	351	(186)
Income taxes	25	(17)	(125)	(43)	(62)
Profit / (Loss) for the period	365	(92)	(533)	309	(248)
Other comprehensive income:					
Actuarial gain (loss)	-	-	-	-	8
Total comprehensive income for the period	365	(92)	(533)	309	(240)

PARENT COMPANY - CONDENSED BALANCE SHEET

CAVOTEC SA EUR 000's	Unaudited year 30 Sep, 2017	Unaudited year 30 Sep, 2016	Audited year 31 Dec, 2016
Assets			
Current assets			
Cash and cash equivalents	126	95	73
Trade receivable	466	248	589
Tax assets	54	25	24
Other current receivables	577	630	2
Total current assets	1,223	998	689
Non-current assets			
Investment in subsidiary companies	155,622	155,622	155,622
Deferred tax assets	56	41	34
Total non-current assets	155,678	155,662	155,656
Total assets	156,901	156,661	156,345
Equity and Liabilities			
Current liabilities			
Bank overdrafts	(61,961)	(58,048)	(58,226)
Current financial liabilities	(1,955)	(1,955)	(1,955)
Trade payables	(75)	(86)	(287)
Other current liabilities	(427)	(532)	(273)
Total current liabilities	(64,418)	(60,622)	(60,741)
Non-current liabilities			
Provision for risks and charges - non current	(504)	(121)	(100)
Other non-current liabilities	(440)	(169)	(225)
Total non-current liabilities	(944)	(289)	(324)
Total liabilities	(65,362)	(60,911)	(61,065)
Equity	(91,539)	(95,750)	(95,279)
Total equity	(91,539)	(95,750)	(95,279)
Total equity and liabilities	(156,901)	(156,661)	(156,345)

General information

Cavotec is a leading engineering group that designs and manufactures automated connection and electrification systems for ports, airports and industrial applications worldwide. Our innovative technologies ensure safe, efficient and sustainable operations. All engineering and most manufacturing of Cavotec's products and systems take place at our specialised engineering Centres of Excellence in Germany, Italy, New Zealand, Norway, Sweden, and the United States, that are supported by a supply chain integrated structure. Cavotec has fully-owned sales companies spread across the world which monitor local markets and co-operate with 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 31 October 2017.

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 to the most recent annual report with the exception of the amendments effective from 1 January 2017. These changes have not had any impact on Cavotec's financial statements. The condensed interim 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.

New standards, amendments and interpretations not yet adopted

IFRS 15 Revenue from contracts with customers

It is effective for first interim periods within annual reporting beginning on or after 1 January 2018. The group will adopt the new standard from 1 January 2018. The standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Under the modified retrospective approach, which Cavotec will apply, the Group will recognize transitional adjustments in retained earnings on 1 January 2018 (without restating the comparative period). The Group is in the process of finalizing the assessment of the impact of IFRS 15 on its consolidated financial statements.

IFRS 9 Financial instruments

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The group will adopt the new standard from 1 January 2018.

Significant events in the current reporting period

The financial position and performance of the group was particularly affected by the following events and transactions during the nine months to 30 September 2017:

- An increase in provision over inventory of EUR 4.8 million as a result of changes in focus of the entity's operations, mainly on the Airport Market unit.
- An increase in warranty provisions for an amount of EUR 3 million following issues with parts used on large projects.

- An impairment loss of EUR 1.1 million related to a change in use of some assets, belonging to the Airports & Industry BU, as a result of management operational review.

Segment information

In FY16 the Group organisation was based on geographic regions. The principal regional grouping which constituted operating segments were: AMER (US, Canada, Mexico, Central and South America), EMEA (Europe, including Russia, Middle East and Africa) and APAC (East Asia, South Asia, South East Asia including Singapore and Oceania). In January 2017, alongside the implementation of the new Strategic Plan, the Group introduced a new organisational structure based on two Business Units: "Ports & Maritime" and "Airports & Industry". These two business units are also the new reporting segments.

The corresponding amounts as of 30 September, 2016 and 31 December, 2016 have been restated on the new basis.

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 proceeded with an appeal of the judgement, which will postpone a final settlement towards the beginning of 2018.

Noteworthy risks and uncertainties

There have been no changes to what was stated by Cavotec in its Annual Report for 2016 under Risk management.

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, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.

Financial calendar and IR events

22 February 2018	4Q17 and Annual Report Reporting
11 April 2018	Capital Market Day

3Q17 conference call

This report will be presented during a conference call for shareholders, analysts and members of the media on 31 October, 2017 at 13:00 CET.

Mikael Norin, CEO, and Kristiina Leppänen, CFO & IR, will participate on the conference call. The call will start with some background on the 3Q17 result, followed by a Q&A session.

Conference call details:

Dial-in number: +46 8 506 921 80

Conference ID number: 61 99 829

Analysts & Media

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