

**2Q**  
**2014**

## Cavotec - Interim Report 2014



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- Order Intake decreased 12.5% in the quarter compared to the same period of the previous year to EUR 50,658 thousands (2Q13: 57,920).
- Revenues decreased 21.8% to EUR 52,690 thousands in 2Q14 (2Q13: 67,418).
- Book to bill ratio was 0.96x in the quarter.
- Order Book increased 20.8% to EUR 139,829 thousands (FY13: 115,713).
- Adjusted operating result (EBIT) was EUR 414 thousands in the quarter compared to EUR 7,333 thousands in 2Q13.

#### A comment from our CEO

Cavotec's second quarter results suffered from recent market developments and below expected revenue levels with 2Q14 revenues reaching EUR 52.7 million, a decrease of 21.8% compared to 2Q13. A contributing factor to the decrease in revenues was Cavotec's growing exposure to larger projects across several of its major markets.

The effect of this was especially evident in 2Q14 where the accumulation of orders, significant changes in order specifications and delays in project approvals on the side of the customer, with subsequent tighter delivery times, had a direct impact on both revenues and profitability for the quarter. Inventories increased significantly in preparation of strong invoicing over the coming quarters. Gross margins remain at an overall higher level compared to the same period last year, declining slightly against 1Q14 levels.

The company has obtained a covenant waiver from its lenders, which means that the Company will not need to test compliance with certain loan covenants as at 30 June 2014. Discussions with lenders are currently on-going to secure a long-term solution. We expect to comply with covenants once FY14 targets have been achieved.

Cavotec's order book increased 36.5% compared to the same period last year, with the order book at June amounting to EUR 139.8 million. MoorMaster™ and AMP projects comprise approximately 44.8% of the current order book, highlighting the strength of Cavotec's core innovations and their broad acceptance by the market.

This is further underlined by the fact that our engineering and production facilities, including installation and commissioning services, are currently involved in seven significant MoorMaster™ projects in varying stages of completion. These orders are for customers spread across the globe including Jan de Nul in Australia, LKAB and Norled in Norway, Port of Beirut in Lebanon, St. Lawrence Seaway in Canada, Samsø municipality in Denmark, and Transnet in South Africa.

Continuing on from the successes already seen earlier this year, 2014 has truly become the year of the MoorMaster™ systems. This is further strengthened by the following 2 orders received during 2Q14.

The first is a milestone order for the US Navy, where Cavotec will supply a number of MoorMaster™ automated mooring units to specialist deep-water engineering group Oceaneering International Inc., as part of the Advanced Mooring System Phase III Development project conducted by the Office of Naval Research. The MoorMaster™ units will be fitted to Navy demonstration vessels for at-sea testing in 2015.

A second success for MoorMaster™ in 2Q14 came from the Port of Helsinki in Finland where six MoorMaster™ MM400 units are to be installed at the Länsisatama berth. The units will be used to moor large passenger ferries, up to six times a day, on the Helsinki – Tallinn route and are due to be commissioned by the end of 2015. The introduction of automated mooring at the Port of Helsinki is one of a number of initiatives undertaken with the support of the EU's TEN-T transport infrastructure programme.

Cavotec's latest Alternative Maritime Power (AMP) shore power equipment projects are for three separate customers, two of which have ordered the new AMPtainer system. These units, which will be fitted to a total of eight container vessels, will enable the ships to connect to shore power, thereby allowing the vessels' engines to be turned off while at the berth.

### **LOOKING AHEAD**

Despite a strong order book, which includes a significant percentage of larger projects, the ongoing turbulence in the market has decreased our visibility for the coming quarters. Coupled with a softening day-to-day business we have decided to adjust our FY14 revenues target to EUR 225 to 235 million with an EBIT margin of approximately 6%. (previous guidance EUR 250 million and 8% EBIT margin).

We expect to complete and deliver current major projects registered in the order book within FY14, contributing strongly to achieving revenue and profitability targets. Cavotec INET continues to burden the Group results, however, the ongoing restructuring and harmonisation of processes is expected to positively contribute to the Group's results in 2015. Cost control and operational efficiency programmes have been expanded and we are currently reviewing ways to further rationalise operational procedures throughout the Group.

Ports & Maritime represented 48% of the Group's revenues in 1H14 and remained Cavotec's largest MU. The increase of nearly 3% compared to the same period last year underlines the continued success of both MoorMaster™ and expanded AMP product offerings. We expect this MU to continue its growth, capitalizing on both core innovations and more mature product ranges.

The Airports MU represented 20.5% of the Group's revenues in 1H14, a contraction of 5.4% compared to 1H13. Despite this declining trend in preceding quarters, we expect this MU to benefit considerably over the coming period from the extensive airport related investments planned in the Middle and Far East regions.

Mining & Tunnelling represented 13.5% of the Group's 1H14 revenues, a slight increase over the same period last year. Currently the Group's smallest MU, mainly due to the continued softening in the hard rock mining sector, we expect recently launched innovations to partially offset this trend and open up opportunities outside of the more traditional niches within the MU.

The General Industry MU contributed 18% to the Group's revenues in 1H14, a small increase on the same period last year. Segments within this MU, including defense and EV markets, are set for continued long-term growth. We expect stable development for this MU over the coming period.

### THE REGIONS

The Americas continued an excellent trend in order intake in 2Q14, bolstered by a positive mix of day-to-day business and larger projects. 1H14 order intake amounted to EUR 43,230 thousands, up 31.7% compared to 1H13. Softer 1H14 revenues lead to a gross operating loss for the segment.

Order intake for Europe amounted to EUR 97,279 thousands in 1H14, in line with 1H13 levels thanks in part to the strong demand in Ports & Maritime. Revenues were lower in 1H14 than 1H13, mainly due to large deliveries of MoorMaster™ projects in the comparative period. The segment provided EUR 5,632 thousands, the largest contribution to the Group's gross operating result for the period.

Revenues for the Middle East, Africa & India region declined in 1H14 compared to 1H13. This was due the completion of some larger projects during 1H13. Revenues amounted to EUR 10,092 thousands with a gross operating result of EUR 597 thousands.

Far East revenues amounted to EUR 23,204 thousands, an increase of 8% compared to 1H13, thanks in large part to our expanded AMP product offering. The segment was the second highest contributor to the Group's result with a gross operating result of EUR 1,947 thousands.

Oceania turned around 1H13 gross operating loss into a profit for 1H14 amounting to EUR 653 thousands. This was achieved in spite of lower revenues due to the prolonged slow-down in the Australian mining sectors and 1H13 deliveries of MoorMaster™. Order intake in the Mining & Tunnelling sector registered an increase in 2Q14, with overall order intake for the segment up 32.5% to EUR 9,106 thousands.

### Quarterly results

#### REVENUES, EARNINGS AND PROFITABILITY

Adjusted operating result, after deducting litigation and restructuring costs, in the second quarter of 2014 amounted to EUR 414 thousands compared to EUR 7,333 thousands in 2Q13. The major contributing factor to this difference was the aforementioned drop in volume.

Net loss ended at EUR 1,424 thousands after financial items of negative EUR 248 thousands.

### Half year results

Adjusted operating result, after deducting litigation and restructuring costs, ended with a loss of EUR 214 thousands compared to a profit of EUR 8,112 thousands in 1H13. This was not only due to a drop in volume but also because of negative exchange fluctuation. The strengthening of gross margin in this period compared to the same period last year partially offset volume decrease. Operating expenses for 1H14 were in line with the first half of 2013.

Financial items were negative at EUR 1,175 thousands compared to EUR 52 thousands in 1H14, mainly due to negative exchange fluctuations and higher interest expense. Net loss ended at EUR 2,997 thousands after recognition of deferred tax asset.

**CASH FLOW**

In 2Q14 operating cash flow was negative at EUR 3,257 thousands due to the high level of investments necessary to meet production demands for large projects. 1H14 operating cash flow was negative at EUR 5,146 thousands due to the same reasons. Investing activities ended at EUR 956 thousands in 2Q14 and EUR 1,343 thousands in 1H14, in line with 1H13 levels at EUR 1,341 thousands.

**NET DEBT**

Net debt amounted to EUR 42,271 thousands in 1H14, an increase compared to EUR 38,574 thousands in the trailing quarter due to investments for our on-going large projects. The higher debt and lower profitability caused the leverage ratio of the syndicated loan agreement to reach 6.57 and the interest coverage ratio 1.58 at the end of 1H14. Net debt/equity ratio ended at 40.7% compared to 33.2% in FY13.

**EMPLOYEES**

Cavotec employed 1,019 FTE employees, including external employees, as of 30 June, 2014.

## Revenue from sales of goods and growth

EUR 000's	Revenues			
	2Q14	2Q13	1H14	1H13
Revenue from sales of goods	52,690	67,418	93,226	120,594
Increase/decrease	(14,728)	12,706	(27,368)	19,312
Percentage change	-21.8%	23.2%	-22.7%	19.1%
Of which				
- Volumes and prices	-17.1%	24.0%	-18.0%	19.4%
- Acquisitions/divestments	0.0%	0.4%	0.0%	0.4%
- Currency effects	-4.7%	-1.2%	-4.7%	-0.7%

EUR 000's	Order Intake			
	2Q14	2Q13	1H14	1H13
Order Intake	50,658	57,920	118,222	123,882
Increase/decrease	(7,262)	7,285	(5,660)	19,123
Percentage change	-12.5%	14.4%	-4.6%	18.3%
Of which				
- Volumes and prices	-12.4%	15.1%	-0.3%	18.6%
- Acquisitions/divestments	0.0%	0.3%	0.0%	0.4%
- Currency effects	-0.1%	-1.0%	-4.3%	-0.7%

## Operating Segments

EUR 000's	Revenues					
	2Q14	2Q13	Change %	1H14	1H13	Change %
Americas	9,099	15,626	-41.8%	15,112	29,964	-49.7%
Europe	45,361	54,173	-16.3%	77,802	94,815	-17.9%
Middle East, Africa & India	4,521	11,370	-60.2%	10,092	18,499	-45.4%
Far East	12,280	12,472	-1.5%	23,204	21,479	8.0%
Oceania	4,234	8,852	-52.2%	6,946	14,444	-51.9%
Inter-Group elimination	(22,805)	(35,075)	-	(39,930)	(58,607)	-
<b>Total</b>	<b>52,690</b>	<b>67,418</b>	<b>-21.8%</b>	<b>93,226</b>	<b>120,594</b>	<b>-22.7%</b>

EUR 000's	Order Intake					
	2Q14	2Q13	Change %	1H14	1H13	Change %
Americas	10,799	9,165	17.8%	43,230	32,817	31.7%
Europe	41,731	52,330	-20.3%	97,279	97,568	-0.3%
Middle East, Africa & India	2,275	5,326	-57.3%	5,336	13,588	-60.7%
Far East	12,904	14,065	-8.3%	21,106	26,212	-19.5%
Oceania	4,621	3,505	31.8%	9,106	6,870	32.5%
Inter-Group elimination	(21,672)	(26,471)	-	(57,835)	(53,173)	-
<b>Total</b>	<b>50,658</b>	<b>57,920</b>	<b>-12.5%</b>	<b>118,222</b>	<b>123,882</b>	<b>-4.6%</b>

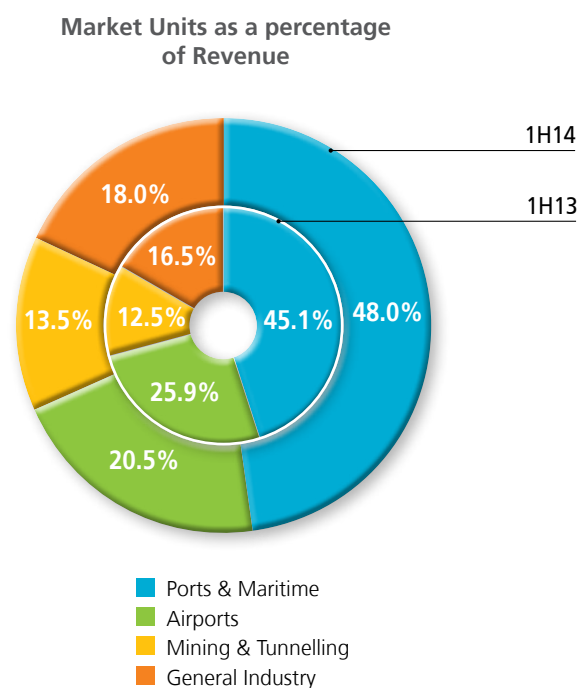
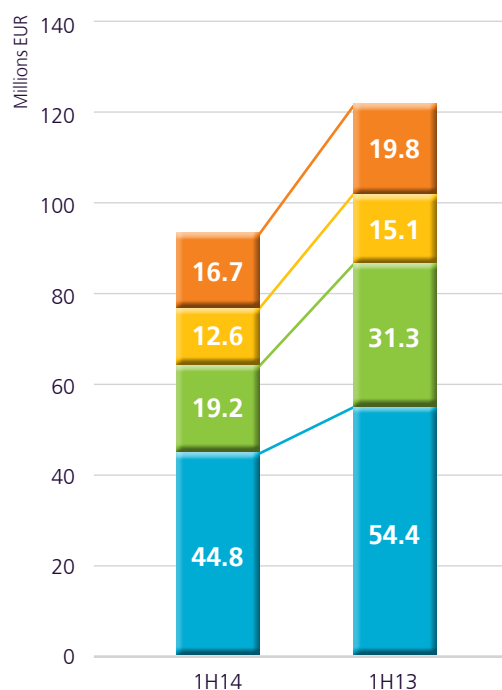
EUR 000's	Order Book			Book/Bill ratio	
	1H14	1H13	Change %	1H14	1H13
Americas	48,150	26,287	83.2%	2.86	1.10
Europe	93,883	58,333	60.9%	1.25	1.03
Middle East, Africa & India	17,257	17,860	-3.4%	0.53	0.73
Far East	37,209	37,069	0.4%	0.91	1.22
Oceania	4,369	3,889	12.3%	1.31	0.48
Inter-Group elimination	(61,038)	(41,004)	-	-	-
<b>Total</b>	<b>139,829</b>	<b>102,434</b>	<b>36.5%</b>	<b>1.27</b>	<b>1.03</b>

**Market Units**

EUR 000's	Revenues					
	2Q14	2Q13	Change %	1H14	1H13	Change %
Ports & Maritime	26,722	32,325	-17.3%	44,769	54,415	-17.7%
Airports	10,442	17,438	-40.1%	19,156	31,261	-38.7%
Mining & Tunnelling	7,000	7,393	-5.3%	12,565	15,111	-16.9%
General Industry	8,526	10,262	-16.9%	16,736	19,807	-15.5%
<b>Total</b>	<b>52,690</b>	<b>67,418</b>	<b>-21.8%</b>	<b>93,226</b>	<b>120,594</b>	<b>-22.7%</b>

EUR 000's	Order Intake					
	2Q14	2Q13	Change %	1H14	1H13	Change %
Ports & Maritime	28,212	26,290	7.3%	69,394	49,021	41.6%
Airports	6,789	12,198	-44.3%	18,355	35,948	-48.9%
Mining & Tunnelling	6,852	8,143	-15.8%	13,424	15,431	-13.0%
General Industry	8,805	11,289	-22.0%	17,049	23,482	-27.4%
<b>Total</b>	<b>50,658</b>	<b>57,920</b>	<b>-12.5%</b>	<b>118,222</b>	<b>123,882</b>	<b>-4.6%</b>

EUR 000's	Order Book			Book/Bill ratio	
	1H14	1H13	Change %	1H14	1H13
Ports & Maritime	88,670	48,255	83.8%	1.55	0.90
Airports	35,599	34,613	2.8%	0.96	1.15
Mining & Tunnelling	7,025	7,382	-4.8%	1.07	1.02
General Industry	8,535	12,184	-29.9%	1.02	1.19
<b>Total</b>	<b>139,829</b>	<b>102,434</b>	<b>36.5%</b>	<b>1.27</b>	<b>1.03</b>



## Ports & Maritime

The Ports & Maritime MU revenues amounted to EUR 44,769 thousands in 1H14, with the contribution from AMP projects increasing by more than 50% compared to 1H13.

Over the same period the MU recorded a significant increase of 41.6% in order intake.

The Ports & Maritime order book reached a record high order book amounting to EUR 88,670 thousands, an increase of 83.8% compared to the same period last year.



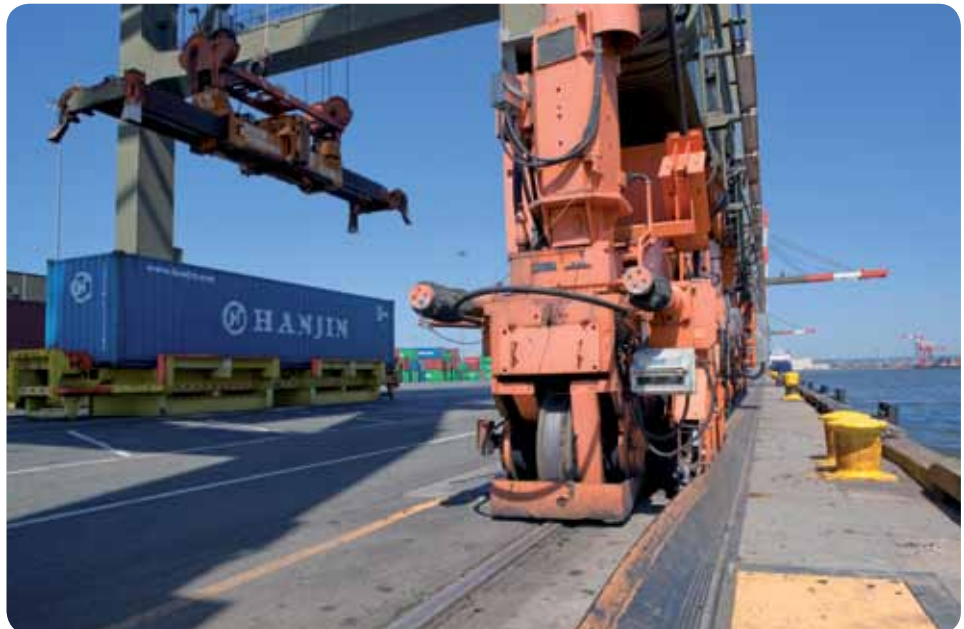
**Accumulated Revenues**  
EUR 44,769 thousands



**Accumulated Order Intake**  
EUR 69,394 thousands



**Order Book**  
EUR 88,670 thousands





## Airports

The Airports MU was the Group's second strongest MU in 1H14, recording revenues amounting to EUR 19,156 thousands.

Order intake reached EUR 18,355 thousands, a decrease compared to 1H13.

Reflecting the recent activities in the market, the order book increased compared to the same period last year amounting to EUR 35,599 thousands.

**Accumulated Revenues**  
EUR 19,156 thousands



21%

**Accumulated Order Intake**  
EUR 18,355 thousands



16%

**Order Book**  
EUR 35,599 thousands



25%



## Mining & Tunnelling

Despite the on-going turbulence in the sector, the Mining & Tunnelling MU posted a stronger 2Q14 compared to the same period last year. Revenues for MU amounted to EUR 12,565 thousands in 1H14.

Order intake reached EUR 13,424 thousands, down 13% compared to 1H13 but showing a stable trend in 2Q14 compared to 1Q14.

The order book for the MU amounted to EUR 7,025, and the book-to-bill ratio remained positive at 1.07x.



**Accumulated Revenues**  
EUR 12,565 thousands



13%

**Accumulated Order Intake**  
EUR 13,424 thousands



11%

**Order Book**  
EUR 7,025 thousands



5%

## General Industry

The General Industry MU recorded revenues of EUR 16,736 thousands in 1H14, a decrease of 15.5% compared to the same period last year.

As a result of lower day-to-day business, the MU's order intake decreased in 1H14 despite showing an improving trend in 2Q14 compared to 1Q14.

The order book for the MU amounted to EUR 8,535 thousands with a positive book-to-bill ratio at 1.02x



**Accumulated Revenues**  
EUR 16,736 thousands

18%

**Accumulated Order Intake**  
EUR 17,049 thousands

14%

**Order Book**  
EUR 8,535 thousands

6%



## Consolidated Statement of Comprehensive Income

EUR 000's	Unaudited three months 30 Jun 2014	Unaudited three months 30 Jun 2013	Unaudited six months 30 Jun 2014	Unaudited six months 30 Jun 2013	Audited year 31 Dec 2013
Revenue from sales of goods	52,690	67,418	93,226	120,594	227,704
Other income	1,632	1,219	2,908	2,008	5,892
Raw materials and components	(27,525)	(34,715)	(45,021)	(63,735)	(119,010)
Employee benefit costs	(16,256)	(15,633)	(32,392)	(31,035)	(62,336)
Operating expenses	(9,533)	(10,615)	(18,270)	(18,534)	(37,223)
<b>Gross Operating Result</b>	<b>1,008</b>	<b>7,674</b>	<b>451</b>	<b>9,298</b>	<b>15,027</b>
Depreciation and amortisation	(1,055)	(1,067)	(2,044)	(2,029)	(4,521)
<b>Operating Result</b>	<b>(47)</b>	<b>6,607</b>	<b>(1,593)</b>	<b>7,269</b>	<b>10,506</b>
Interest income	17	9	28	35	60
Interest expenses	(451)	(323)	(831)	(620)	(1,280)
Currency exchange differences - net	186	435	(372)	533	(347)
<b>Profit / (loss) before income tax</b>	<b>(295)</b>	<b>6,728</b>	<b>(2,768)</b>	<b>7,217</b>	<b>8,940</b>
Income taxes	(1,129)	(2,017)	(229)	(2,175)	1,513
<b>Profit / (loss) for the period</b>	<b>(1,424)</b>	<b>4,711</b>	<b>(2,997)</b>	<b>5,042</b>	<b>10,453</b>
<b>Other comprehensive income:</b>					
Actuarial gain (loss)	-	-	-	-	(43)
<b>Items that will not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43)</b>
Currency translation differences	2,783	(3,929)	1,210	(2,433)	(5,692)
<b>Items that may be subsequently reclassified to profit or (loss)</b>	<b>2,783</b>	<b>(3,929)</b>	<b>1,210</b>	<b>(2,433)</b>	<b>(5,692)</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>2,783</b>	<b>(3,929)</b>	<b>1,210</b>	<b>(2,433)</b>	<b>(5,735)</b>
<b>Total comprehensive income for the period</b>	<b>1,359</b>	<b>782</b>	<b>(1,787)</b>	<b>2,609</b>	<b>4,717</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Group	1,386	827	(1,777)	2,667	4,751
Non-controlling interest	(27)	(45)	(10)	(58)	(33)
<b>Total</b>	<b>1,359</b>	<b>782</b>	<b>(1,787)</b>	<b>2,609</b>	<b>4,718</b>
<b>Profit / (loss) attributed to:</b>					
Equity holders of the Group	(1,397)	4,771	(2,987)	5,111	10,494
Non-controlling interest	(27)	(60)	(10)	(69)	(41)
<b>Total</b>	<b>(1,424)</b>	<b>4,711</b>	<b>(2,997)</b>	<b>5,042</b>	<b>10,453</b>
Basic and diluted earnings per share attributed to the equity holders of the Group	(0.020)	0.067	(0.042)	0.072	0.147
Average number of shares	71,332,700	71,332,700	71,332,700	71,332,700	71,332,700

## Consolidated Balance Sheet

EUR 000's	Unaudited 30 Jun 2014	Unaudited 30 Jun 2013	Audited 31 Dec 2013
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14,114	13,279	13,928
Trade receivables	46,299	53,144	48,705
Tax assets	1,516	986	1,253
Other current receivables	7,456	5,649	4,732
Inventories	55,283	45,791	40,110
Assets held for sale	2,082	2,220	2,213
<b>Total current assets</b>	<b>126,750</b>	<b>121,069</b>	<b>110,941</b>
<b>Non-current assets</b>			
Property, plant and equipment	26,548	25,937	26,861
Intangible assets	66,487	67,110	66,251
Non-current financial assets	239	137	57
Deferred tax assets	15,992	8,212	13,501
Other non-current receivables	1,992	2,852	2,026
<b>Total non-current assets</b>	<b>111,258</b>	<b>104,248</b>	<b>108,696</b>
<b>Total assets</b>	<b>238,008</b>	<b>225,317</b>	<b>219,637</b>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Bank overdrafts	(103)	-	-
Current financial liabilities	(4,548)	(4,705)	(4,654)
Trade payables	(44,237)	(40,871)	(31,526)
Tax liabilities	(3,338)	(3,497)	(2,724)
Provision for risk and charges, current	(5,486)	-	-
Other current liabilities	(13,312)	(14,199)	(11,834)
<b>Total current liabilities</b>	<b>(71,024)</b>	<b>(63,272)</b>	<b>(50,738)</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	(51,743)	(42,004)	(45,353)
Deferred tax liabilities	(4,518)	(4,401)	(4,298)
Other non-current liabilities	(1,212)	(1,177)	(704)
Provision for risk and charges, non-current	(5,669)	(7,922)	(9,775)
<b>Total non-current liabilities</b>	<b>(63,142)</b>	<b>(55,504)</b>	<b>(60,130)</b>
<b>Total liabilities</b>	<b>(134,166)</b>	<b>(118,776)</b>	<b>(110,868)</b>
<b>Equity</b>			
Equity attributable to owners of the parent	(103,856)	(106,688)	(108,773)
Non-controlling interests	14	147	4
<b>Total equity</b>	<b>(103,842)</b>	<b>(106,541)</b>	<b>(108,769)</b>
<b>Total equity and liabilities</b>	<b>(238,008)</b>	<b>(225,317)</b>	<b>(219,637)</b>

## Consolidated Statement of Changes in Equity

EUR 000's	Equity related to owners of the parent	Non-controlling interest	Total equity
<b>Unaudited</b>			
Balance as at 1 January 2013	(106,940)	110	(106,830)
(Profit) / Loss for the period	(5,111)	69	(5,042)
Exchange differences on translation	2,444	(11)	2,433
<b>Total comprehensive income and expenses</b>	<b>(2,667)</b>	<b>58</b>	<b>(2,609)</b>
Capital reduction	2,918	-	2,918
Capital increase	-	(21)	(21)
Transactions with shareholders	2,918	(21)	2,897
<b>Balance as at 30 June 2013</b>	<b>(106,688)</b>	<b>147</b>	<b>(106,541)</b>
<b>Audited</b>			
Balance as at 1 January 2013	(106,940)	110	(106,830)
(Profit) / Loss for the period	(10,494)	41	(10,453)
Exchange differences on translation	5,700	(8)	5,692
Actuarial (gain) loss	43	-	43
<b>Total comprehensive income and expenses</b>	<b>(4,751)</b>	<b>33</b>	<b>(4,718)</b>
Capital reduction	2,918	-	2,918
Capital increase	-	(139)	(139)
Transactions with shareholders	2,918	(139)	2,779
<b>Balance as at 31 December 2013</b>	<b>(108,773)</b>	<b>4</b>	<b>(108,769)</b>
<b>Unaudited</b>			
Balance as at 1 January 2014	(108,773)	4	(108,769)
(Profit) / Loss for the period	2,987	10	2,997
Exchange differences on translation	(1,210)	-	(1,210)
Other reserves	219	-	219
<b>Total comprehensive income and expenses</b>	<b>1,996</b>	<b>10</b>	<b>2,006</b>
Capital reduction	2,921	-	2,921
Transactions with shareholders	2,921	-	2,921
<b>Balance as at 30 June 2014</b>	<b>(103,856)</b>	<b>14</b>	<b>(103,842)</b>

## Consolidated Statement of Cash Flows - Indirect Method

EUR 000's	Unaudited three months 30 Jun 2014	Unaudited three months 30 Jun 2013	Unaudited six months 30 Jun 2014	Unaudited six months 30 Jun 2013	Audited year 31 Dec 2013
<b>Profit /(loss) for the period</b>	<b>(1,424)</b>	<b>4,711</b>	<b>(2,997)</b>	<b>5,042</b>	<b>10,453</b>
<b>Adjustments for:</b>					
Net interest expenses	377	262	679	480	1,013
Current taxes	1,467	2,172	1,889	3,269	5,253
Depreciation and amortisation	1,054	1,067	2,044	2,029	4,521
Deferred tax	(787)	(155)	(2,109)	(1,094)	(6,767)
Provision for risk and charges	1,421	773	2,430	1,156	2,155
Capital gain or loss on assets	(77)	(5)	(86)	(7)	46
Other items not involving cash flows	3	(99)	886	104	(23)
Interest paid	(383)	(281)	(716)	(482)	(970)
Taxes paid	(68)	(2,804)	(1,580)	(5,496)	(8,520)
	<b>3,007</b>	<b>930</b>	<b>3,437</b>	<b>(41)</b>	<b>(3,292)</b>
<b>Cash flow before change in working capital</b>	<b>1,583</b>	<b>5,641</b>	<b>440</b>	<b>5,001</b>	<b>7,161</b>
<b>Impact of changes in working capital:</b>					
Inventories	(7,887)	187	(16,854)	(6,463)	(164)
Trade receivables	(876)	259	2,649	(3,310)	2,154
Other current receivables	(1,356)	(364)	(2,702)	(2,031)	(1,137)
Trade payables	5,740	(2,992)	12,675	3,894	(6,389)
Other current liabilities	(469)	(2,551)	(1,387)	(3,191)	(2,657)
Long term receivables	8	310	33	97	319
<b>Impact of changes involving working capital</b>	<b>(4,840)</b>	<b>(5,151)</b>	<b>(5,586)</b>	<b>(11,004)</b>	<b>(7,874)</b>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(3,257)</b>	<b>490</b>	<b>(5,146)</b>	<b>(6,003)</b>	<b>(713)</b>
<b>Financial activities:</b>					
Increase of loans and borrowings	9,022	7,590	9,124	22,353	33,502
(Decrease) of loans and borrowings	(1,991)	(4,906)	(2,661)	(8,456)	(16,528)
Capital reduction	-	-	-	-	(2,918)
Items not involving cash flow	(128)	-	(121)	-	-
<b>Net cash inflow from financial activities</b>	<b>7,031</b>	<b>2,684</b>	<b>6,342</b>	<b>13,897</b>	<b>14,056</b>
<b>Investing activities:</b>					
Investments in property, plant and equipment	(740)	(680)	(1,177)	(1,403)	(4,162)
Investments in intangible assets	(255)	-	(255)	-	(1,113)
(Increase) decrease in non-current financial assets	(184)	8	(181)	16	96
Disposal of assets	223	17	270	46	76
<b>Net cash outflow from investing activities</b>	<b>(956)</b>	<b>(655)</b>	<b>(1,343)</b>	<b>(1,341)</b>	<b>(5,103)</b>
Cash at the beginning of the period	10,821	13,215	13,928	8,484	8,484
Cash flow for the period	2,818	2,519	(147)	6,553	8,240
Currency exchange differences	372	(2,455)	230	(1,758)	(2,796)
<b>Cash at the end of the period</b>	<b>14,011</b>	<b>13,279</b>	<b>14,011</b>	<b>13,279</b>	<b>13,928</b>
<b>Cash comprises:</b>					
Cash and cash equivalents	14,114	13,279	14,114	13,279	13,928
Bank overdrafts	(103)	-	(103)	-	-
<b>Total</b>	<b>14,011</b>	<b>13,279</b>	<b>14,011</b>	<b>13,279</b>	<b>13,928</b>

## Segment information

EUR 000's	Americas	Europe	Middle East Africa & India	Far East	Oceania	HQ	Inter-Group elimination	Total
<b>Unaudited</b>								
<b>Three months ended 30 June 2014</b>								
Revenue from sales of goods	9,099	45,361	4,521	12,280	4,234	-	(22,805)	52,690
Other income	453	1,771	308	99	1,217	370	(2,586)	1,632
Operating expenses before depreciation and amortisation	(13,156)	(43,259)	(4,911)	(11,581)	(4,803)	(776)	25,172	(53,314)
<b>Gross Operating Result</b>	<b>(3,605)</b>	<b>3,873</b>	<b>(82)</b>	<b>798</b>	<b>648</b>	<b>(406)</b>	<b>(219)</b>	<b>1,008</b>
<b>Unaudited</b>								
<b>Three months ended 30 June 2013</b>								
Revenue from sales of goods	15,626	54,173	11,370	12,472	8,852	-	(35,075)	67,418
Other income	223	2,056	(165)	(88)	299	321	(1,427)	1,219
Operating expenses before depreciation and amortisation	(17,636)	(50,015)	(10,045)	(10,780)	(8,208)	(1,652)	37,373	(60,963)
<b>Gross Operating Result</b>	<b>(1,787)</b>	<b>6,214</b>	<b>1,160</b>	<b>1,604</b>	<b>943</b>	<b>(1,331)</b>	<b>871</b>	<b>7,674</b>
<b>Unaudited</b>								
<b>Six months ended 30 June 2014</b>								
Revenue from sales of goods	15,112	77,802	10,092	23,204	6,946	-	(39,930)	93,226
Other income	678	3,077	788	167	2,204	751	(4,757)	2,908
Operating expenses before depreciation and amortisation	(23,141)	(75,247)	(10,283)	(21,424)	(8,497)	(1,533)	44,442	(95,683)
<b>Gross Operating Result</b>	<b>(7,351)</b>	<b>5,632</b>	<b>597</b>	<b>1,947</b>	<b>653</b>	<b>(782)</b>	<b>(245)</b>	<b>451</b>
<b>Unaudited</b>								
<b>Six months ended 30 June 2013</b>								
Revenue from sales of goods	29,964	94,815	18,499	21,479	14,444	-	(58,607)	120,594
Other income	421	3,389	(110)	212	405	651	(2,960)	2,008
Operating expenses before depreciation and amortisation	(31,703)	(89,161)	(17,283)	(19,030)	(14,993)	(2,041)	60,907	(113,304)
<b>Gross Operating Result</b>	<b>(1,318)</b>	<b>9,042</b>	<b>1,106</b>	<b>2,661</b>	<b>(144)</b>	<b>(1,390)</b>	<b>(660)</b>	<b>9,298</b>
<b>Audited</b>								
<b>Year ended 31 December 2013</b>								
Revenue from sales of goods	52,042	174,036	32,740	51,198	17,639	-	(99,951)	227,704
Other income	2,160	6,630	(71)	37	4,885	1,507	(9,255)	5,892
Operating expenses before depreciation and amortisation	(62,668)	(164,829)	(31,541)	(45,655)	(22,124)	(1,968)	110,216	(218,569)
<b>Gross Operating Result</b>	<b>(8,465)</b>	<b>15,837</b>	<b>1,127</b>	<b>5,580</b>	<b>400</b>	<b>(461)</b>	<b>1,011</b>	<b>15,027</b>



## Parent Company - Condensed Statement of Comprehensive Income

CAVOTEC SA	Unaudited three months 30 Jun 2014	Unaudited three months 30 Jun 2013	Unaudited six months 30 Jun 2014	Unaudited six months 30 Jun 2013	Audited year 31 Dec 2013
EUR 000's					
Dividend	-	-	-	-	439
Other income	158	147	320	295	588
Employee benefit costs	(351)	(250)	(608)	(608)	(767)
Operating expenses	(256)	(333)	(505)	(533)	(956)
<b>Operating Result</b>	<b>(449)</b>	<b>(436)</b>	<b>(793)</b>	<b>(845)</b>	<b>(696)</b>
Interest expenses - net	(7)	(7)	(14)	(13)	(26)
Currency exchange differences - net	(1)	3	-	3	29
<b>Profit / (loss) before income tax</b>	<b>(457)</b>	<b>(440)</b>	<b>(807)</b>	<b>(855)</b>	<b>(693)</b>
Income taxes	(5)	(5)	(11)	(11)	(22)
<b>Profit / (loss) for the period</b>	<b>(462)</b>	<b>(445)</b>	<b>(818)</b>	<b>(866)</b>	<b>(715)</b>
<b>Other comprehensive income:</b>					
Actuarial gain (loss)	-	-	-	-	(24)
<b>Total comprehensive income for the period</b>	<b>(462)</b>	<b>(445)</b>	<b>(818)</b>	<b>(866)</b>	<b>(739)</b>

## Parent Company - Condensed Balance Sheet

CAVOTEC SA	Unaudited six months 30 Jun 2014	Unaudited six months 30 Jun 2013	Audited year 31 Dec 2013
EUR 000's			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	57	45	16
Trade receivable	1	3	568
Tax assets	18	16	21
Other current receivables	308	293	3
<b>Total current assets</b>	<b>384</b>	<b>357</b>	<b>608</b>
<b>Non-current assets</b>			
Investment in subsidiary companies	98,447	98,447	98,447
<b>Total non-current assets</b>	<b>98,447</b>	<b>98,447</b>	<b>98,447</b>
<b>Total assets</b>	<b>98,831</b>	<b>98,804</b>	<b>99,055</b>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Bank overdrafts	(12,978)	(9,407)	(12,629)
Current financial liabilities	(1,845)	(1,845)	(1,845)
Trade payables	(76)	(103)	(113)
Other current liabilities	(3,008)	(3,097)	(103)
<b>Total current liabilities</b>	<b>(17,907)</b>	<b>(14,452)</b>	<b>(14,690)</b>
<b>Non-current liabilities</b>			
Provision for risks and charges, non-current	(102)	(78)	(102)
Other non-current liabilities	(609)	(450)	(312)
<b>Total non-current liabilities</b>	<b>(711)</b>	<b>(528)</b>	<b>(413)</b>
<b>Total liabilities</b>	<b>(18,618)</b>	<b>(14,980)</b>	<b>(15,103)</b>
<b>Equity</b>	<b>(80,213)</b>	<b>(83,824)</b>	<b>(83,952)</b>
<b>Total equity</b>	<b>(80,213)</b>	<b>(83,824)</b>	<b>(83,952)</b>
<b>Total equity and liabilities</b>	<b>(98,831)</b>	<b>(98,804)</b>	<b>(99,055)</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 nine specialised engineering Centres of Excellence in Germany (three), 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 6 August 2014.

**Basis of preparation of financial statements**

This interim 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 with the exception of new and revised standards and interpretations effective from 1 January 2014. The new standards effective as of 2014 are IFRS 10, Consolidated Financial Statements, IFRS 11, Joint arrangements and IFRS 12, disclosure of Interests in Other Entities. The standards will not have any material impact on the consolidated accounts. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended in December 2013.

The preparation of interim 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 significant changes to the assets and liabilities for segment information as shown in the Annual Report for 2013.

**Legal disputes**

The lawsuit against Mike Colaco is progressing. The discovery and deposition phases are currently close to completion. Trial has been set for 27 October 2014 and is expected to last several weeks.

**Noteworthy risks and uncertainties**

There have been no changes to what was stated by Cavotec in its Annual Report for 2013 under Risk management.

On behalf of the Board  
6 August 2014



**Ottonel Popesco**  
Chief Executive Officer

**Reporting dates 2014**

The 3Q14 Quarterly Report will be published on 6 November 2014.

**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.

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